

NEWS: INTERNATIONAL

IMF loan tempers fears over Yeltsin

By Chrystia Freeland in Moscow

The Kremlin yesterday denied reports that President Boris Yeltsin had suffered a "spasm" in his brain, and insisted the Russian leader was making a good recovery from the "acute viral infection" he suffered this week.

Officials said Mr Yeltsin, who has been confined to a sanatorium for 10 to 12 days, would vote in tomorrow's elections for the Moscow city council, a public appearance which is likely to be scrutinised by jittery investors and

ambitious would-be successors.

Renewed worries about Mr Yeltsin's health have shaken Russia's fragile markets, sending share prices down 13 per cent over the past few days. But the nervous economy received an external boost yesterday, when the International Monetary Fund signalled it was likely to renew disbursement of a \$10bn loan next month.

The IMF froze the funds in October, citing Russia's dismal revenue collection. But an IMF mission left Moscow yesterday with an upbeat verdict.

"The mission is confident that, provided the fiscal and monetary policies agreed during the review are fully applied on a sustained basis, the prospects for the Russian economy in 1998 are positive."

That positive view is likely to clear the way for the release of the suspended \$700m tranche of the Russian loan when the IMF board meets in Washington in early January.

Yet, over the next few weeks, the IMF's decision is likely to have less immediate impact on the economy than the uncertain constitution of

its 66 year old leader.

Kremlin officials said yesterday that Mr Yeltsin's slight fever had abated. If his recovery, from what spokesmen described as a cold, continues, they said that doctors would permit Mr Yeltsin to take a walk outdoors over the weekend.

However, Mr Yeltsin's history of poor health and the Kremlin's track-record of being economical with the truth have spawned persistent rumours that the Russian leader's condition is more serious than officials claim.

The most recent was a report

yesterday on Ekho Moskvy, a Russian radio station, that Mr Yeltsin's cold had been exacerbated by a "spasm" of blood vessels in his brain.

Although domestic markets were closed, the story initially sent Russia's shares trading abroad spiralling downwards.

Share rebounded on the strength of robust Kremlin denials. But Russian politics and the Russian economy are likely to remain jittery until the president makes a visible return to the Kremlin.

IMF's Camdessus profiled, Page 7

Vexed issue of Turkish membership escalates into crisis at Luxembourg summit of EU leaders

Turkey dispute hangs over expansion talks

By Emma Tucker in Brussels

Disagreements over Turkey's aspiration for membership of the European Union were last night threatening to complicate negotiations on how to proceed with enlargement of the 15-nation bloc.

The question of what to do about Turkey escalated into a crisis at the EU's Luxembourg summit as deep divisions over what the EU nations should offer their eastern neighbour emerged.

Turkey wants to be treated equally with such countries as Bulgaria and Romania, which will not be included in the first expansion eastwards but will take part in negotiations with a view to

future membership.

So far Turkey has only been offered membership of an annual conference bringing together present and future members with no definite commitment to future membership, but even that was last night not agreed by all EU members.

Yesterday Turkey's patience was wearing thin. "Why should I talk politics with a body that doesn't regard me as a candidate or comes to me with insufficient proposals," said Ismail Cem, Turkey's foreign minister. Mesut Yilmaz, the Turkish prime minister, has cancelled a dinner with EU leaders scheduled for tonight. His snub came as Jean-Claude Juncker, the

European countries belonging to the Schengen agreement on common border controls are expressing concern over a demand by Greece, which joined the system last week, that Athens should vet visa applications by Turkish citizens wishing to visit a country inside the Schengen system, writes John Barham in Ankara.

A Greek diplomat said: "Turks will make an application to the consulate of the country they wish to visit. Then their request will be sent to Athens where it will be checked. [Approval] will be contingent

on Athens." The Schengen agreement includes all EU countries except Britain and Ireland. As well as lifting internal border controls, it allows travellers from third countries with a visa for one Schengen country to travel freely in all 13 countries belonging to the system.

Officials at several European countries say the Greek demand could disrupt the Schengen scheme and interfere with the EU's customs union with Turkey. One EU official said Greece's demand would further inflame relations with Turkey.

Luxembourg prime minister, caused embarrassment with an off-the-cuff remark that torturing people was an "everyday" occurrence in Turkey.

Last night EU leaders struggled to find a formula that would give Turkey a

future relationship with the EU, and prove acceptable to its old enemy Greece. Greece and Germany want to exclude Turkey from the enlargement process. But other member states believe Turkey should be given some encouragement in

return for various conditions, including a clean-up of its human rights record, and submission of its various disputes with Greece to international arbitration.

A draft version of the Luxembourg summit's conclusions define the European

conference with general references to democracy and human rights, plus a commitment "to the settlement of disputes by peaceful means, in particular through international courts".

The conference would "broaden and deepen co-operation" in foreign and security policy. The draft conclusions confirm Turkey's eligibility for accession to the EU on the same criteria as for other applicant countries. But they point out that strengthening Turkey's links with the EU depend on "satisfactory and stable" relations with Greece and "support for negotiations under the aegis of the UN on a settlement in Cyprus".

Editorial Comment, Page 6

UK's PM receives a rude awakening

Tony Blair has suddenly realised how difficult it will be to realise his ambition of putting the UK at the heart of Europe, even with the benefit of Britain's role as European Union president from January 1.

Despite the UK Labour government's much greater enthusiasm for things European than its Conservative predecessor, Mr Blair has found some of the main EU members wary of Britain's claims for a central role in a new European institution.

Maddeningly for Mr Blair, his frustration at the course of negotiations on the creation of a new euro-club for Ecu members was recorded by accident at the start of negotiations between government heads yesterday. The UK prime minister was caught by a television crew talking to Jacques Poos, the Luxembourg foreign minister, on the conditions for countries outside Ecu to be present at club meetings.

Mr Blair wanted the UK and others outside the first Ecu wave to be part of club discussions as a "matter of right". But to a disbelieving Mr Blair, Mr Poos made clear the majority view that Ecu members should have discretion over whether the so-called "outs" can join in.

"You ask to be present," Mr Poos said. "You get the agenda and you can then decide if there's a theme which is interesting to you... you ask to be present." After rancorous talks lasting most of the day, the government leaders agreed that Ecu members could "meet informally to discuss matters specific to them" but that "matters of common interest" would be discussed by all 15 EU members.

For all the brave face being put on it by the British delegation, this would leave Ecu members firmly in control of the new club. But Britain has secured a central objective that the regular EU finance ministers' meetings would remain the supreme

economic decision-making body.

The British prime minister arrived on Thursday night at the Luxembourg summit saying he wanted to resist the development of a two tier European Union, a theme he has expounded since well before the general election. Surely, with the UK wearing new *communautaire* clothes, there would be rejoicing in Europe.

"There can't be small clubs that try and take over the running of the European Union's economic policy," he said. But the French in particular took the opportunity to embarrass him.

Its delegation took the unusual step of highlighting every twist and turn in the talks, painting him as isolated and dogmatic.

Mr Blair was said to have intervened repeatedly and "tenaciously" to press his point. After each such intervention, there was a "brief moment of silence" in the room, a French spokesman said pointedly.



And another point: Helmut Kohl, the German Chancellor, (left) and his foreign minister Klaus Kinkel at yesterday's Luxembourg summit of EU leaders

"We have made a series of concessions. It is time for you to compromise," France's President Jacques Chirac told him.

The UK is still reaping the bitter harvest of the previous Tory government's habit of marginalising the UK in EU negotiations, which has created a European psychological disposition to view the British as troublemakers.

This is hard for British ministers. "The great change with the previous government is we want to be

inside all important European institutions, involved," said the economic adviser to the chancellor, Gordon Brown.

Mr Blair is also a victim of his own half-hearted support for Ecu. His statement that the UK favours monetary union and is preparing to join does not in the end carry the same weight as would a firm commitment to join on a specified date.

There was a further awakening for him. Although he has undoubtedly created a close

and constructive relationship with Chancellor Kohl, he has found it hard to get round the longstanding Franco-German alliance.

In spite of Mr Blair's attempts to woo Mr Kohl and other EU government heads in a frantic round of telephone diplomacy over the past few days the German Chancellor has showed that his basic sympathies remain with the French.

Robert Peston

Eta 'retaliates' by killing councillor

By David White in Madrid

The gunmen of Eta, the Basque separatist group, made a predictable reappearance late on Thursday night with the murder of a local councillor from Spain's ruling Popular party (PP).

José Luis Caso, 64, was shot in the head at close range in a bar near his home in Irún, close to the French border. He represented the PP as a councillor for Rentería, one of the hotbeds of Basque violence.

The killing was seen as retaliation for the seven-year jail sentences issued by

Spain's supreme court at the beginning of the month against all 23 national committee members of Herri Batasuna, the radical Basque party linked to Eta.

The convictions on charges of collaborating with Eta centred on an election propaganda film featuring members of the terrorist organisation.

One of the convicted leaders warned afterwards that the sentences would have "serious direct consequences".

The killing, the 13th attributed to Eta this year, followed a bungled operation in San Sebastián a week ago

in which a local politician's bodyguard was wounded in the head.

The action was a show of force by Eta after the outrage it prompted throughout Spain and the Basque region in July, when it kidnapped and executed a young Popular party councillor, Miguel Angel Blanco.

Almost three years ago Eta assassinated the PP's leader in the Basque region, Gregorio Ordóñez in a similar attack in a San Sebastián restaurant.

It later came close to killing the party's leader, José María Aznar, now

prime minister, with a car bomb in Madrid.

Mr Aznar, attending the European Union summit in Luxembourg, yesterday called for unity against Eta. "If what they want is a change in the government's anti-terrorist policy, they are making a big mistake," he said.

The central and Basque regional governments summoned representatives of mainstream political parties yesterday afternoon to close ranks against the violence, amid recent signs of rifts in the inter-party consensus.

The Basque Nationalist

party, which leads the regional administration, has distanced itself from the main Spanish parties over the Herri Batasuna jail sentences, expressing concern about "political pressures" on the court.

A further row broke out this week between the PP and the Socialist opposition over Socialist calls for leniency and possible pardons for Eta convicts who renounced the organisation.

Basque nationalist trade unions called off plans for a protest demonstration today against the Herri Batasuna sentences.

Country	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319

Swiss act to unfreeze Marcos cash

By William Hall in Zurich and Justin Marozzi in Manila

Switzerland yesterday cleared the way for unfreezing \$500m of assets associated with Ferdinand Marcos, the late Philippine strongman who was deposed in 1986, when a Swiss court ruled that Swiss banks should return the disputed fortune to the Philippine government.

The Swiss federal court in Lausanne, the country's highest, has ordered that, provided certain conditions are met, the funds held by Swiss Bank Corporation should be transferred to the Philippine courts, which will decide how to distribute them. It is understood that the same decision will also apply to the funds held by Credit Suisse, which are

who had also made claims on the money in the Swiss banks. The US court ruled that the Swiss decision to block the Marcos accounts in 1986 forestalled any action on the matter by US courts.

The two decisions will come as a welcome relief for the Swiss banks which have been embarrassed by the long-running publicity over their role in providing a safe haven for the funds of one of the world's most controversial leaders.

In 1994, a Hawaii federal jury found the Marcos regime guilty of murder and torture and awarded \$500 million in damages. The Swiss banks have been reluctant to return the money because they feared that the competing legal claims on the money could mean that they might be forced to pay out twice.

There is still a possibility of a further legal challenge but Swiss bankers were yesterday privately pleased that the Swiss involvement in the long-running saga of the Marcos millions appeared to be coming to an end.

Magtanggol Gunigundo, chairman of the Philippine Presidential Commission on Good Government, the body established by former President Corason Aquino in 1986 to recover assets thought to have been fraudulently amassed under the Marcos regime - said the decision was a breakthrough which eliminated obstacles set up by the Marcos family to prevent repatriation of the money.

In recent weeks, there has been renewed activity in Manila aimed at resolving the long-running dispute over the alleged Marcos fortune. Both the government and the Marcos family have urged a final settlement, intensifying speculation that a deal has been struck between the two to secure the support of the Marcos family for the administration's candidate in presidential elections next May.

Differences within the Marcos family over how to negotiate a solution have further complicated what has long been a legal quagmire. The once extravagant lifestyle of the family has been reflected in the fabulous claims and counter-claims about the missing fortune. In September, Robert Swift, the US lawyer representing human rights victims claiming a share of the Marcos money, said there were 1,241 tons of gold sitting in Swiss bank vaults.

The Swiss decision comes just over a week after a US federal appeals court dismissed a lawsuit by Philippine human rights victims



Marcos: 42-year sentence

under the jurisdiction of another Swiss court.

Until now, the Swiss courts had ruled that the disputed assets could not be released until Mrs Imelda Marcos, the former president's widow, who also claims the money, was convicted by a Philippine court. Mrs Marcos has been convicted and sentenced to a total of 42 years for corruption, but instead of serving time in prison, she is an active member of Congress. The Swiss federal court has overturned the decision of a lower court and ordered that the money be returned to the Philippines.

However, the transfer of the money will be subject to the Philippine government guaranteeing that it will be distributed by a court complying with United Nations standards of legal process. The Swiss have also asked to be kept informed about deliberations on the award of the money and measures being taken to compensate victims of human rights abuses under the Marcos regime.

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Canada raises interest rates to defend C\$

By Scott Morrison in Toronto

Canada's central bank moved to defend the Canadian dollar yesterday by increasing its key overnight interest rate 50 basis points to 4.5 per cent. The increase came one day after turmoil in Asian markets heightened pressure on the persistently weak Canadian dollar, sending the currency to near 12-year lows.

The bank said volatility in international financial markets, tied to events in Asia, had continued to affect Canadian markets. It hoped the rate increase would contribute to more settled domestic markets in which investors could focus more confidently on the strong fundamentals favouring non-inflationary growth in the economy.

The dollar immediately responded by rising from 70.1 US cents at Thursday's close to 70.4 US cents in mid-day trading, but the currency had slid to 70.3 US cents in the afternoon. The Asian crisis has depressed commodities prices and affected Canada's export potential, thus putting pressure on the Canadian dollar.

Analysts were divided over whether the rate increase would suffice. Some suggested Asian volatility would continue to hurt the currency and prompt another rise before the end

of the year. Others said the bank would probably wait until early 1998 to determine whether yesterday's move would stabilise the dollar. Year-end corporate outflows and an increase in foreign travel typically put pressure on the currency in December.

Canadian bonds, whose performance has been jeopardised by the weak currency, rallied before slipping slightly following the interest rate increase, with the benchmark 30-year 8 per cent bond advancing almost C\$1 in price while the yield slipped six basis points.

The yield on Canada's long bond on Thursday rose above that of its US counterpart for the first time since August. The US benchmark yield remained nine basis points below Canada's.

The bank's fourth rate increase this year coincided with a government report indicating the economy grew at an annualised rate of 4.1 per cent in the third quarter, mostly because of strong consumer demand and business investment.

The central bank had been forced repeatedly to intervene in currency markets in recent weeks to prop up the dollar and observers had expected a rise of between 25 and 50 points. "The Bank of Canada was dragging its feet. It answered critics with this vigorous move," said one economist.

Revolutionary terrorist displays arrogance at first appearance in Paris court

Unrepentant Jackal comes to trial

By Robert Graham in Paris

It was a script locked in a time capsule.

When Illich Ramirez Sanchez, alias Carlos, the world's best known terrorist, made his first public appearance in a Paris court yesterday, he behaved exactly on cue.

"Will you state your profession?" asked Yves Cornilou, presiding over the trial in which the 48-year-old Venezuelan is accused of murdering two policemen and an informer in 1975.

"I'm a professional revolutionary in the old Leninist tradition," he replied. "The world is my domain... my last address was Khartoum."

Sanchez was handed over to French special agents in the Sudanese capital, Khartoum, in August 1994 after blazing a trail of terrorist activity from Europe to the Middle East for almost 20 years. His actions include the attempted assassination in 1973 of Marks and Spencer boss Lord Sief, throwing grenades into a Paris drugstore killing two and wounding more than 30 and seizing oil ministers at an Opec meeting in Vienna.

This opening exchange foreshadowed what Sanchez's lawyers indicated in advance would be his behaviour: arrogant, unrepentant and wringing the last ounce of publicity. Faced with a life behind bars and a world

which is quickly forgetting his exploits, he risks being an anecdote of 1970s history alongside other terrorist groups such as Italy's Red Brigades, the Japanese Red Army and Germany's Bader Meinhof group.

Before the trial gets fully under way, the judge will have to decide whether the prosecution in France is legal. Sanchez's lawyers argue that he was kidnapped in Khartoum and that for the past three and half years he has been "illegally" detained in a Paris jail.

The circumstances of his capture remain mysterious. But there is little doubt the French government reached a deal with the Sudanese government which had

afforded him official protection for some three years. He had been an adviser to the defence ministry, living with a Jordanian wife and was a convert to Islam.

In spite of all the books about him, the true character of "Carlos" has remained enigmatic because his life has offered such rich pickings - starting with a wealthy father who names his sons after Russian revolutionaries. The image of an urbane intellectual, seducer of women and enjoyer of the good life sits side by side with an egomaniac with a grudge that led to cynical acts of terror, killing countless people. This is a man who even after his detention in France was surprised one

day in prison with a female lawyer perched on his knee. His terrorist career has risen and fallen in tune with the prevailing climate of international relations.

"Carlos" thrived on the back of a radicalisation of the Arab-Israeli conflict and the dirty games between East and West during the Cold War.

From early on when he gave up A levels in London to attend Moscow's third world grooming ground - the Patrice Lumumba University in Moscow - he was probably in touch with the Soviet authorities and their intelligence services. For instance he was formally expelled from the university in 1970 for rowdy behaviour

and went to Beirut to link up with the radical Popular Front for the Liberation of Palestine. In the intelligence community some thought this was a convenient cover.

East block protection was vital for his career. But ultimately he became too hot to handle. Having used Hungary as a base from 1979-84, he moved on to Syria and then, when the pressure was put on the Syrians by the West, to Khartoum.

Not everyone in France thinks it was wise to bring a man with so many murky secrets to trial. A former intelligence officer asked on television this week whether he should have been quietly eliminated, smiled and nodded his head in assent.

Japanese turn to investments on the hoof

Cows? Ostriches? Clients are shunning traditional banks after financial collapses and are toying with new schemes

A s Japan's financial problems mount, some consumers have turned to novel ways to beef up investments.

This week two cattle farmers in Nagano region received suspended jail sentences for running an investment scheme offering savers the chance to buy a cow, instead of putting their money in a bank.

The scheme might look rather feudal for the world's second largest economy. It was also illegal, since Japanese law does not consider farmers "authorised financial institutions".

But it rapidly attracted ¥25bn (\$2m) in a small rural area by offering annual returns over 6 per cent (compared with about 0.1 per cent at "authorised" groups such as banks).

Its popularity coincides with signs that consumers are shunning traditional banks after recent financial collapses - leaving a new mystery about where the money is now going.

The Bank of Japan yesterday said deposits at "official" institutions rose a mere 3.3 per cent in September, the lowest annual growth since records started in 1976. This has puzzled the bank, because it does not match consumption and income data. But since September, the mystery has deepened.

When Yamaichi Securities, the

country's fourth largest broker, collapsed last month, assets of ¥12,000bn were withdrawn. There have been big outflows from two other failed groups, Sanyo Securities and Hokkaido Tokai, and large cancellations at life assurance groups amid fears of more failures.

Some of this money has gone to stronger Japanese banks. The Bank of Tokyo Mitsubishi, for example, received ¥450bn in new deposits last month. Foreign groups such as Goldman Sachs and Citibank have also been seeing strong business.

But this only accounts for a fraction of the cash. And deposits at the state-owned postal savings system this week are only 1.4 per cent higher than last year. "We have no idea where all the money is," confessed one post office official recently.

Some observers suspect it is vanishing from the statistics because it is quietly going overseas or being kept at home. "There is lots of money under mattresses now," says one western fund manager. "In Japan bank deposits pay practically no interest and there is very little burglary."

But entrepreneurs are spotting a gap. Though the Nagano "buy a cow" scheme was closed earlier this year, others are rumoured to be operating. And an Australian company, Global Ostrich, will start offering Japanese savers the chance to invest by "buying" ostriches next month.

A similar scheme has boomed in Hong Kong in spite of a recent collapse of a similar scheme in Europe, which is still being investigated. "The Asian market crash has greatly assisted us," says Raymond Lamb, managing director, who has high hopes Japanese will soon be flocking to it.

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Gillian Tett and John Ridding

Nine leading companies face new accusations

By Gillian Tett and Michio Nakamoto in Tokyo

Japan's corporate image took a fresh battering yesterday after nine new companies were accused of involvement in illegal business practices.

The Japan Fair Trade Commission (JFTC) raided NEC and Toshiba, two prestigious electronics companies, over suspicions that the two have been involved in bid-rigging.

The latest scandal involves postal code sorting machines that the government wants to install at postal offices throughout Japan at a cost of ¥100m to ¥300m each (\$770,000-\$23m).

NEC won orders for 85 machines worth ¥17.8bn while Toshiba will supply 80 machines worth ¥18.5bn.

The JFTC raid comes as an embarrassment for the two companies, which both denied any illegal conduct. "We conducted an internal investigation and we are confident that there was no bid-rigging," an NEC representative said.

Toshiba, in particular, will be stung by the JFTC investigation, as it follows on the heels of revelations in October that the company had made illegal payments to a corporate racketeer group.

If the JFTC decides that the companies had been involved in bid-rigging, in

addition to being slapped with a fine, they could be excluded from some government procurement deals.

Separately, the government also revealed that seven manufacturing and trading companies were implicated in the scandal over hidden *toobashi* losses at Yamaichi Securities.

The companies, which include groups such as Nippon Steel Chemical and Itochu, the trading company, had helped to conceal losses at Yamaichi, Japan's fourth largest broker, which collapsed last month in Japan's largest corporate failure.

The two moves are likely

to fuel international investor unease about corporate ethics in Japan, as the country prepares for its Big Bang deregulation.

Earlier this summer, it emerged that several big brokers had been paying *sokobai* racketeers - gangsters who blackmail companies, Japan's financial watchdog recommended this week that Daiwa and Nikko Securities be punished for this.

Moody's, the US credit rating agency, threatened yesterday to downgrade their Nikko and Daiwa Europe's debt from their current A3 levels.

Last month, it also emerged that Yamaichi had

some ¥254bn of *toobashi* losses. These are hidden losses which are concealed by shuffling them between accounts.

Rumours that groups such as Daiwa Securities might also hold these hidden losses have recently sent its share price sharply lower. Daiwa strongly denies this.

However, the Japanese parliament yesterday disclosed that seven companies had been involved in Yamaichi's *toobashi* losses. These were subsidiaries of Nippon Steel Chemical, a manufacturing group, Nippon Yusen, the shipping group, Itochu, the trading company, Tokai, the department store, Kanematsu Sogo Finance, a trad-

ing company, Nihon Noh-yaku, an agricultural group, and the Mainichi no Shokutaku Centre.

Traditionally, brokerages such as Yamaichi have carried out *toobashi* by shuffling the losses from a favoured corporate client to another account, thus ensuring they did not face any losses. This is usually done with client permission - implying, government officials say, that Yamaichi's clients must have known of the illegal deals.

While the revelations are deeply embarrassing, it is unclear that the groups will face any penalties, since the government is still investigating Yamaichi's deals.



Suharto pictured at his official residence yesterday

Indonesian president cancels Asean summit plans □ Currency markets upset

Suharto health worries unabated

By Sander Thoenes in Jakarta

Indonesia's President Suharto yesterday cancelled plans to attend a regional summit next week, fuelling rumours about his health and alarming jittery markets.

His spokesman said a president had followed his doctors' advice not to attend the annual summit of the Association of South East Asian Nations (Asean) in Kuala Lumpur.

Rumours about a possible stroke and even death of Mr Suharto, 76, have circulated in Jakarta and upset currency markets throughout Asia ever since he opted to take a 10-day break last weekend. The president had returned from a gruelling 12-day tour to southern Africa, Canada and Saudi Arabia but his spokesman has

insisted he was just resting.

Mr Suharto has long appeared remarkably healthy for a man who has long surpassed the average Indonesian life expectancy, travelling widely and appearing in public to fish, play golf and speaking at length at numerous events.

German doctors gave him a clean bill of health last year. But throughout his 30-year rule of Indonesia he has carefully avoided grooming a successor and political leaders have been debating more publicly than ever who should be elected vice president next March. Some have dared break the taboo and call for a younger president.

The rupiah had recovered from a 10 per cent plunge on Tuesday on announcements that Mr Suharto would attend the meeting of Asean, which has been a focus of his foreign policy. But the

rupiah closed at an historic low of 5,125-5,200 against the US dollar yesterday, down 16 per cent from the day before and half its value in July.

The Jakarta Stock Exchange, which had been boosted earlier by heavy buying from state-owned security companies at Mr Suharto's orders, lost 9 per cent before recovering slightly to 365, from 396.1 the day before and more than 700 in July.

Brokers said sales of stock and rupiah had also been driven by the fall of the South Korean won, the growing amount of short-term debt coming due and widespread disappointment with the lack of government action to implement a reform package agreed with the International Monetary Fund in October.

But brokers got together to compare the only official

photos that have appeared of Mr Suharto this week. They noted that the president's left arm appeared limp and his right eyelid appeared to sag. One large newspaper resorted to printing an old photograph.

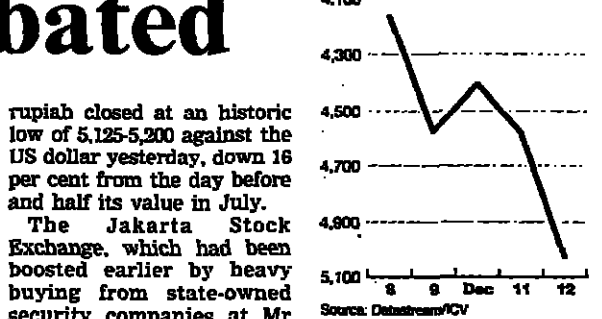
However, the president was shown on the evening news standing up and arranging his trousers with both hands before sitting down with his foreign minister. Ali Alatas, who will replace him at the summit, Currencies, Page 9; World stock markets, Page 21

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Indonesian rupiah

Against the dollar (Rupiah per \$)



Source: Datastream/ICI

Internal policy review points to over-optimistic feasibility assessments of flawed projects

World Bank 'fails to learn from past mistakes'

By Patti Waldmeir and Mark Szymanski in Washington

The World Bank has failed to learn from past mistakes and continues to initiate flawed projects by giving over-optimistic assessments of their feasibility, an internal review of its lending policies has concluded.

According to the bank's annual report on portfolio performance, which will be presented to the executive board on Tuesday, there has been an improvement in the rate of successful projects, including a decline in the riskiness of the bank's portfolio. However, the review, a summary of which is included in the annual report, concludes that many serious problems remain and

that lessons drawn from past failures are "well known but generally ignored".

The study covered 150 projects across 14 lending sectors, including adjustment lending and public enterprise reform. Its release comes at a time when the bank is preparing to lend \$10bn as part of the \$57bn financial rescue package for South Korea. Since James Wolfensohn, World Bank president, took office 2 1/2 years ago, he has been struggling to revamp its lending operations to increase effectiveness and accountability.

Bank officials say there has been significant progress towards achieving those goals.

According to the bank's operations evaluation

department, the proportion of completed projects which are rated satisfactory has risen from 65 per cent in 1994 to 71 per cent last year.

A culture persists in some areas within the bank to

prop up failing projects and implement unsuitable ones.

For ongoing projects, the proportion classed as "at risk" of not achieving development objectives has fallen from 40 per cent to 30 per cent.

by a new Quality Assurance Group set up to help transform institutional practices, a culture persists in some areas within the bank to

prop up failing projects and implement unsuitable ones.

"Many factors are at work: pressure to lend; fear of offending the client... fear that a realistic, and thus more modest, project would be dismissed as too small and inadequate in its

impact... and more generally, a conviction held by many staff members that the function of the bank is to help create the conditions for operations to go forward, not to 'sit around and wait', it says.

The board will be presented with the following critique of portfolio performance:

■ Failure to ensure that borrowers are sufficiently committed to policy and institutional reform to ensure project success;

■ Unrealistic project objectives, including persistent over-optimism and the over-estimation of local capacity to implement the project;

■ A tendency to neglect developmental impact and focus on physical progress

when assessing ongoing projects;

■ Failure to respond rapidly to correct emerging problems;

■ Lack of staff continuity. The summary notes that most of these issues are not new, adding that "a number of initiatives are already under way to address them".

But many analysts worry that after several years of repeating similar criticisms there is still relatively little progress. "It is heartening if the bank is finally recording some improvement, but the report suggests that problems remain deep and pervasive," says Bruce Rich, director of international programmes at the Environmental Defense Fund in Washington.

NEWS: INTERNATIONAL

Microsoft loses Round One but match goes on

By Louise Kehoe in San Francisco

Score: Round One to the US Justice Department. In an initial victory for antitrust regulators, Microsoft, the world's biggest software company, has been ordered by a federal judge to "cease and desist" immediately from forcing personal computer manufacturers to install its Internet software.

But the antitrust case is far from over. Judge Thomas Penfield Jackson, while issuing a preliminary injunction against Microsoft, said there were several legal and factual issues still to be determined. He referred the case to Lawrence Lessig, a professor at Harvard University and a specialist in

legal issues relating to the computer industry, for further hearings.

Government attorneys had charged Microsoft with violating a 1995 antitrust settlement agreement by "bundling" its Internet Explorer (IE) software - which is used to access the Internet, send and receive email or surf the world wide web - with Windows 95, the most widely used PC operating system. They alleged that Microsoft had restricted competition in the Internet software market by forcing PC makers to install IE together with Windows 95, in effect excluding competing Internet browser products.

The competition regulators asked the judge to find Microsoft in contempt and

to fine the company \$1m a day. But in his preliminary ruling, Judge Jackson said differing interpretations of the 1995 settlement agreement made it unclear whether Microsoft was in violation. Microsoft maintained IE was an "integrated" part of Windows 95. As such, it was explicitly allowed under the terms of the settlement agreement. This argument was "plausible", the judge said. The government failed to provide "clear and convincing evidence" Microsoft violated a "clear and unambiguous prohibition" in the earlier court order, he wrote in a 19-page ruling.

However, in issuing an injunction, Judge Jackson recognised the anticom-

petitive effects of Microsoft's actions. "The probability that Microsoft will not only continue to reinforce its operating system monopoly by its licensing practices, but might also acquire yet another monopoly in the Internet browser market is simply too great to tolerate indefinitely," the judge wrote.

Moreover, the ruling also raised the possibility of further litigation that could seriously impede Microsoft's future product plans. Microsoft's claim that it should have "unfettered liberty" to include whatever functions it might choose in future versions of Windows "stops at least at the point at which it would violate established antitrust laws", the judge wrote.

The court order, which applies to "Windows 95 or any successor version" has also raised serious doubts about Microsoft's plans to launch Windows 98, a version that seamlessly integrates Internet browsing and other functions, next year.

Microsoft called the ruling "a balanced decision". The company said it was gratified that the judge did not find Microsoft in contempt of the consent decree and that he would allow further hearings. Officials said the company was confident the court would ultimately conclude the company's integration of IE with Windows was good for consumers.

In the meantime, Microsoft said it

expected PC manufacturers to continue to pre-install IE on their products voluntarily. Yet Netscape Communications, Microsoft's primary competitor in the Internet software market, saw the ruling as "an important step in providing a level playing field that allows customer choice." The company said it expected the ruling to stimulate a new round of competition in the industry, enabling it to bid for new contracts with PC manufacturers.

Mr Lessig, who will act as a "special master" on behalf of the court, will report back to Judge Jackson at the end of May.

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Jerusalem census may backfire

Palestinian Authority likely to meet internal opposition in its challenge to Israel

By Judy Dempsey in Jerusalem

The Israeli Knesset rushed through legislation this week preventing the Palestinian Authority (PA) from carrying out a census in east Jerusalem as parliamentarians sought to show that Israel had sovereignty over the entire city.

Israel's sovereignty over east Jerusalem has never been recognised by the international community since its occupation of the eastern half of the city in 1967. When, in July 1980, the Knesset passed a law establishing united Jerusalem as the capital of Israel, all 11 of the foreign embassies in Jerusalem immediately moved to Tel Aviv.

Palestinian officials said the latest legislation showed that Israel was not prepared to wait for "final status" talks, in which the future of Jerusalem will be decided.

Israel has put the city on top of the agenda in recent months by changing facts on the ground, such as building a new Jewish settlement at Har Homa in eastern Jerusalem.

Now the PA has decided to hold for the first time ever a



An Israeli policewoman questioning an Arab woman in Jerusalem earlier this year

Palestinian census and is using it as another brick towards building statehood.

The PA wants to establish how many Palestinians live in east Jerusalem, what living conditions are like and what facilities are available.

This part of Jerusalem has been starved of infrastructure and housing investment and denied building permits for a population that has swelled from 66,000 in late 1967 to almost 180,000 today.

But in attempting the census - and Israeli officials admit it will be impossible

physically to stop the census - it may well backfire for the PA if the cases of Rami and Mustafa are anything to go by.

Rami and Mustafa were born in east Jerusalem and have lived there all their lives. They are skilled craftsmen, with plenty of clients in west Jerusalem.

But when the Palestinian census official knocked on Rami's door he was less than enthusiastic about filling in the census.

"I don't want to live under the PA. It is corrupt. The

rule of law does not exist. There is no democracy," explained Rami, aged 29, who has Israeli identity papers allowing him to reside in Jerusalem.

Rami accepted the census forms, says B'Tselem, an Israeli human rights group. "I could hardly refuse to take them," said Mustafa, aged 27. "But I will not return them. I do not want to legitimate the PA. I do not want to live under it. And I do not want to live in a divided Jerusalem."

But even if there are many Ramis and Mustafas failing

to return census forms, the PA will face another problem establishing an approximate number of Palestinians in east Jerusalem.

This is because many Palestinians - the number is unknown - have lost the right to live in the city because they studied or lived abroad for seven years or gained residency status in another state.

Over the past two years according to B'Tselem, the Israeli information centre for human rights in the Occupied Territories, "a quiet deportation of east Jerusalem's Palestinians has been taking place". If Palestinians could not show they have lived continuously in the city, Israel's interior ministry denied them the right to reside in the city, a policy which Madeleine Albright, US secretary of state, has recently criticised.

The aim of the Israeli policy, says B'Tselem, is to "preserve a permanent majority of Jews in the city so that Israel's sovereignty in east Jerusalem cannot be challenged." It is exactly that sovereignty the PA is hoping to challenge with its census.

Producer prices show further decline in US

By Gerard Baker in Washington

A sharp fall in energy prices produced another decline in US wholesale prices last month, a further indication of the weakness of inflationary pressures in the economy.

The Labour Department said producer prices fell by 0.2 per cent in November, the eighth monthly fall this year.

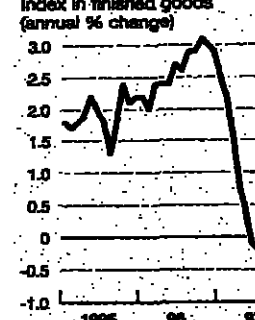
In the first 11 months of 1997, prices have fallen at a seasonally adjusted rate of 1.2 per cent, compared with a 2.8 per cent rise during all of 1996. Even after excluding volatile food and energy items, the core rate of producer prices fell in November by 0.1 per cent.

The latest evidence of deflation at the wholesale level in the US comes as global prices for traded goods are widely forecast to fall sharply in the wake of the Asian economic crisis.

The steep decline in many Asian countries' currencies and the weakness in demand in those countries are likely to depress prices of commodities and manufactured goods from the region. That

US producer prices

Index (1982=100)



Source: Department of Commerce

should result in a further decline in producer prices in the US over the next year or so.

But fears of a generalised decline in US prices are unlikely to be realised.

While international conditions suggest continuing weakness in product markets, domestic prices are likely to be underpinned by strong growth in demand and the tightest labour market in a generation.

This contrast between external and domestic conditions complicates the deliberations of the Federal Reserve, whose policy-

making open market committee meets next week to consider the next step for US interest rates. Economists expect the Fed to leave rates unchanged, at least until the overall effect on the US economy of the Asian crisis becomes clearer.

The Labour Department said a 0.8 per cent drop in energy goods prices led the November decrease in the index for finished goods. But there were also small declines in finished consumer goods other than food and energy, as well as capital equipment.

A separate report from the Commerce Department showed a slight drop in consumer demand in October as stocks of unsold goods rose at manufacturers, wholesalers and retail stores.

Stocks rose by 0.4 per cent, while sales fell by 0.1 per cent. The ratio of stocks to sales, which measures how long it would take to sell off stocks at the current pace, rose to 1.37 months' worth in October from 1.36 months in September. That points to a probable slowing of production in the next few months as companies seek to reduce their stock levels.

As shoppers prepare for Christmas, experts warn that scarcity marketing runs the risk of provoking a backlash

Parents get to grips with the 'Beanie Baby' problem

By Nikki Tait in Chicago

Feeling harassed as you struggle with the Christmas shopping? Then spare a thought for every American parent whose child wants the latest "Beanie Baby".

The problem with the hot-selling royal purple bear is not its cost - the recommended retail price is \$4.99 to \$6.99. But trying to find a store which has supplies is guaranteed to wear a huge hole in any parent's shoe-leather.

This is the latest twist in one of the most remarkable toy retailing successes in the US in recent years. "Beanie babies", a whole family of

small stuffed toys with names like "Gobbles the Turkey" and "Floppy the Lavender Bunny", were first marketed by Ty, a privately owned Chicago company, three years ago.

But they soared up the popularity charts last Christmas as kids clamoured to collect the whole range. Since then, the hysteria has shown few signs of waning.

Earlier this year, McDonald's, the burger chain, ordered 100m "Teenie Beanie Babies" for a Happy Meals promotion. It sold out within weeks rather than months, prompting angry complaints from many parents.

Ty's switchboard was jammed by about 50,000 calls a day, and it delisted its number as a result.

Shops, meanwhile, have been robbed for their "Beanie Babies" stocks, and small "mom and pop" stores across the country plaster their windows with handwritten signs advising that "Beanie Babies are here".

The Chicago Cubs baseball team filled its stadium to capacity last autumn when it distributed free "Beanies" to children attending an otherwise unremarkable game.

Part of this marketing success stems from Ty's policy of periodically, but unpredictably, "retiring" certain designs and replacing them with new models.

This drives demand and has also created an adult collectors' market. On internet sites some of the \$5 toys, which are made in China,

change hands for hundreds of dollars. The Collectible Exchange, for example, is offering to pay \$1,100 for "Quacker the Duck (without wings)", or \$1,700 for "Peanut the Royal Blue Elephant".

But some retailers see the release of the Di bear in extremely limited numbers just before the holiday season as a fairly cynical sales ploy, and a number of stores are deliberately avoiding the toy as a result.

"We won't be selling them," says a sales assistant in the gift store in the Palmer House Hotel in downtown Chicago, where customers are greeted by a huge tub of more freely available "Beanies".

It says that by the time it had completed formalities



Spare a thought for every American parent whose child wants the latest "Beanie Baby"

with the British - profits from the Di bear will go to the late Princess' memorial fund - it was too late to supply stores in appreciable numbers. Instead, it decided to spread the limited supplies which were available evenly, allocating just a dozen to each retail outlet. It points out that some retailers have decided to raffle off their

limited supplies to prevent customer angst and donate funds raised to charity.

But experts think that scarcity marketing - while hardly a new strategy - is a growing trend and warn that it could be a dangerous strategy, risking a consumer backlash. "I do see this type of marketing being used more and more, to avoid the

high costs of a mass media campaign," says Jim McNeal, professor of retailing studies at Texas A&M University. "But it is high risk... The supplier has very little control."

Ty says buyers just need patience. It says the Di bear will be available in larger numbers in January and probably for all of next year.

Chilean coalition in poll victory

By Imogen Mark in Santiago

Chile's centre-left government coalition secured a comfortable lower house majority in congressional elections on Thursday, but politicians were left pondering why a record number of voters spoiled their votes or abstained.

The result was a disappointment for the governing Concertación even though it won 50.5 per cent of the national vote against 36 per cent for the opposition with 98 per cent of the votes counted.

It had expected to keep the 55 per cent share of the votes it won in 1993, and had hoped to increase its seats in the Senate by three or four seats from 21 to give it a working majority in the 45-seat House. In the event it lost one place overall in the Senate, and kept its 70-seat majority in the lower house.

Within the coalition, the Christian Democrat party saw its overall share of the votes reduced from 27 to 23 per cent, while the leftwing parties stayed stable at 23 per cent.

Almost 18 per cent of the voters spoiled their votes or abstained. In the last congressional elections in 1993, the total was only 9 per cent.

On top of that almost a million young people, or 10 per cent of the total potential electorate, did not register. In Chile, signing on to the electoral roll is not obligatory, but once registered every citizen is obliged to vote or be fined.

President Eduardo Frei said it must "listen to the voice of those who abstained or spoiled their votes". He said he was "concerned at the absence of thousands of young people from the polls."

The leading rightwing party, Renovación Nacional, also saw its lead over its coalition partner cut sharply. Renovación's controversial leader, Andrés Allamand, failed to get elected for the Senate in Santiago, losing to his coalition partner, Carlos Bombal of the far-right Unión Demócrata Independiente (UDI), and to Alejandro Foxley, the former finance minister.

Mr Allamand said Mr Bombal's victory was a success for the "pragmatism" of the UDI.

Kyoto deal puts pressure on Japanese fail to pull off diplomatic coup

By Leyla Boulton, Environment Correspondent

The first thing governments will have to do after celebrating the deal at Kyoto on combating climate change is to decide how they are to achieve targets that have been dramatically revised by the negotiations.

The European Union, for one, will feel more at ease about trying to implement plans it insisted would be largely unchanged.

These include doubling "cogeneration" - which enables factories and housing to generate heat and power simultaneously with an efficiency rate of 80 per cent - to 18 per cent of all energy generated. But it will also lose some urgency in trying to wrest energy efficiency improvements from the car industry.

Business argues that households should play a greater role. Indeed the UK government has already said it will not take any measures

that penalise British companies to implement its ambitious 20 per cent target for cutting carbon dioxide emissions by 2010. This is likely to put more pressure on households to save energy and on industry to sell them more energy-efficient consumer goods such as refrigerators.

It will also require more investment by governments and the private sector to reduce reliance on cars by improving public transport.

Japan, meanwhile, will have to reinforce further its already considerable efforts to cut energy waste and promote new technologies such as solar power.

The World Energy Council, which represents energy sectors in 100 countries, says that eliminating energy waste using existing technology alone could curb emissions by 30 per cent.

But the rationale for agreeing emission reduction targets in stages, starting with a cut by 2010, is to give industry sufficient lead-time to make improvements as they change capital stock.

In the longer term, Kyoto is likely to be seen as a powerful signal to business and households to get on with changing the way they use energy from fossil fuels.

It will also provide a powerful boost to both energy-efficient technology sales, and the development of renewable energy sources.

"The important point of Kyoto is not the percentages for reduction targets but the signal it sends to the world to reduce CO₂ emissions," says Isao Iwabuchi, head of the carbon dioxide committee set up by Keidanren, the Japanese business federation, to tackle emissions of the most important greenhouse gas.

There are a number of steps that automatically follow on from Kyoto at the official level:

● The rules for emissions trading are to be decided at the next international conference in Buenos Aires in November 1998. The Kyoto deal is unique in having established an international market mechanism to tackle an environmental problem.

A UN-sponsored pilot trading scheme involving a dozen countries and several companies is to begin in the meantime. It is expected to start building the standards needed to prevent fraudulent transactions and to ensure that emissions are accurately reported by countries and companies.

● The US is expected to assemble diplomatic support in time for Buenos Aires so that developing nations are allowed voluntarily to assume their own greenhouse gas emission curbs and take part in the trading scheme. This is a key condition for the US to submit the Kyoto accord to the Senate for approval. It has time on its side as the treaty is not expected to come into force for at least a couple of years.

● The treaty will be open for signature by governments for a year from next March. It will then become law only once it has been ratified by the parliaments of a sufficient number of countries to cover at least half the world's emissions of greenhouse gases.

By Bethan Hutton in Kyoto

When Japan volunteered to host the United Nations conference on climate change, it was widely seen as Japan's opportunity to demonstrate its international leadership and qualifications for a permanent seat on the UN Security Council. The reality has turned out to be different.

Most of the leading Japanese figures at the conference have attracted more criticism than praise. Hiroshi Kido, the Japanese environment minister, who was president of the conference, failed to make a strong impression.

What is more, his objectivity was questioned - at one stage he appeared to support attacks on the EU position.

The final crack in his image was his highly public dithering on the last day of the conference about whether to return to Tokyo for a vote of no confidence in the government, or stay in Kyoto to preside over the crucial final session. By the time he decided to stay, the damage had been done.

Toshiaki Tanabe, Japan's main negotiator, did no better. He alienated key parties with indiscretions such as letting slip details of telephone conversations he had with Stuart Eizenstat, the chief US negotiator, and telling journalists the US was willing to increase its target at a time when US delegates were denying any shift.

Several weeks before the conference, Ryutaro Hashimoto, Japan's prime minister, said if necessary he would step in at the last moment to broker a solution. A series of phone calls he made to other world leaders may have helped, but the real action was on the ground in Kyoto - and as negotiations reached a final frenzy, Japan was virtually sidelined.

Few delegates will criticise Japan publicly, but there have been frequent mutterings in the corridors. John Gummer, the UK's former environment minister, whose current status as an opposition MP allows him to be less tactful, said: "Japan has performed badly, they

have been run by the Ministry of International Trade and Industry, and they have been some of the most difficult people to negotiate with."

Japan, of course, denies that the thought of a place on the Security Council ever crossed its mind in the preparations for Kyoto. One senior official explained that the aim was to increase Japan's "internationalisation" and raise the profile of environmental issues domestically.

No one, however, is saying the words Japan was at heart hoping to hear - that the event was a triumph of Japanese diplomacy and negotiating skills. The truth is that Japan's traditional methods of consensus building may be unsuited to meeting tight deadlines from a starting position of such widely diverging views. The more robust tactics of Stuart Eizenstat, the UK's John Prescott, and most particularly Raul Estrada-Guyela appear to have been more effective in these circumstances.

1550 10/11/97

£1m membrane prevents early-morning blaze spreading to airport's Terminal One

Fireproof roof averts disaster at Heathrow

By Michael Skapinker and Brian Groom

A recent £1m investment in a new roof membrane saved London's Heathrow from disaster yesterday after a fire broke out above a restaurant at the airport. The blaze caused disruption to thousands of passengers and severe congestion on the roads.

The fire entered an air duct above a Burger King restaurant in the airport's Terminal One in the early hours of Friday morning. The blaze spread to the roof where it set bitumen on fire. The flames could be seen for miles around. But BAA, the airport's owner, said the fireproof membrane, installed a year ago, prevented the fire from spreading into the terminal building itself.

The company said although the roof blaze

looked spectacular from the outside, internal damage to the building was limited. Flights at the terminal resumed yesterday afternoon.

BAA said it expected some disruption at Terminal One today because several aircraft that had been delayed or diverted were in the wrong position. The company advised travellers to or from Terminal One to check with their airlines before setting out for the airport. It did not expect flights to be seriously delayed at the airport's other three terminals.

BAA said a new alarm system had helped it to pinpoint the location of the fire, allowing emergency services to reach it within three minutes. The company said: "All the fire and emergency procedures worked."

Nevertheless, it took fire services three hours to bring the blaze under control.



Damping down: it took fire services three hours to control the blaze after the terminal was quickly evacuated, said BAA

BAA said it could not yet estimate the cost of the fire but added that damage to the terminal, Heathrow's biggest, was restricted to a small part of the building. The company said losses from damage to buildings and the delayed flights were fully covered by insurance.

Heathrow is the world's busiest international airport and Terminal One would

expect to handle 70,000 passengers on a Friday. However, when the fire broke out at 4.38am, there were only 150 people in the building, most of whom were staff. BAA said it had little difficulty evacuating the terminal.

When the terminal reopened yesterday afternoon, little damage was visible, although the Burger

King restaurant was roped off. Des Wilson, BAA's corporate affairs director, said: "When our people eventually got in they were pleasantly surprised. My guess is that we will get back to normal quite quickly."

BAA said that 307 flights were cancelled yesterday as a result of the blaze. Mr Wilson said: "The overall effect on air traffic was no greater

than if it had been closed by adverse weather." He said the main problem had been traffic disruption on roads leading to the airport. These were closed during the morning rush hour, leading to extensive traffic jams and delays at other terminals. Flights at the other three terminals were delayed by an average of one hour and 20 minutes yesterday.

UK NEWS DIGEST

Minister's trust was not probed

Treasury officials made no inquiries into the controversial family trust of Geoffrey Robinson, the Treasury minister, when advising him about his financial interests, it emerged yesterday. Sir Terry Burns, the permanent secretary at the Treasury, revealed that his advice to Mr Robinson focused on his beneficial interests and not on the Guernsey-registered Orion Trust. The opposition Conservatives claimed that Sir Terry's comments implied that Mr Robinson had not revealed the full details of the family trust to officials.

Peter Lilley, the shadow chancellor of the exchequer, released a letter from Sir Terry in which he said there was no reason to examine the trust because "this vehicle already existed, and offered similar protection to that provided by a blind trust". Sir Terry merely advised Mr Robinson to transfer his beneficial holdings into a blind trust. Mr Lilley claimed the reply showed that Sir Terry had not been told of the transactions that took place last year between Stenbell, a company controlled by Mr Robinson, and the family trust.

David Wighton

TAX COLLECTION

Accountants 'stockpiling' forms

The Inland Revenue believes that up to 1.3m completed tax forms are being stockpiled by accountants who are planning to file them at the last minute because they think it will reduce the chances of a tax inquiry. Doug Smith, overseer for the Revenue's self-assessment project, said accountants were entering a "high risk area" if they held on to clients' forms right up until the final deadline of January 31.

He said the flow of forms under the new tax system, which involves more than 8m individual taxpayers, had slowed to a "trickle" since the first deadline passed in September. Until then, forms could be sent in for calculation by the Revenue. Any forms submitted after that deadline have to include a calculation of the tax bill. It is estimated that up to 1.3m of the 3m forms yet to be filed are with accountants who will do the calculation for clients.

Jim Kelly

PUBLIC HOUSES

Conservatives to block glass bill

The opposition Conservatives last night pledged to block legislation that would force pubs to sell beer in oversize glasses. Supporters of the bill, which has government backing, had earlier claimed that it was likely to become law after being given an unopposed second reading. But Cheryl Gillan, the shadow consumer affairs minister, said the Conservatives would try to block the legislation at a later stage.

The bill has the strong support of Nigel Griffiths, the consumer affairs minister, who has mounted a long campaign against the serving of short measures in pubs. But many publicans are fiercely opposed to the move which they warn would lead to higher prices and less choice. Tim Hampton, of the Brewers and Licensed Retailers Association, said some chains had introduced larger glasses successfully but accused the government of acting like the "nanny state".

David Wighton

SOCCER

Goalkeepers get suspended bans

Bruce Grobbelaar and Hans Segers, the goalkeepers at the centre of soccer's three-year match-fixing saga, were yesterday cleared to resume their careers when the Football Association imposed suspended bans and fines on them for breaking the sport's betting rules. The two players were acquitted in August of allegations they received payments to fix the results of Premier League matches for a Malaysian gambling syndicate. But part of their defence included an admission that the players took money in return for forecasting the results of games. The FA deemed this as in breach of its rules on betting, an offence that would normally warrant a half-year ban from the game. However, the FA said the players' punishments of a six-month ban and a £10,000 (£16,500) fine were suspended for two years because Grobbelaar and Segers had already suffered severe financial hardship because of the match-fixing allegations.

Patrick Harverson

PARLIAMENT

Boost for 'whistleblower' bill

An MP's bill to provide legal protection to people who "blow the whistle" on fraud, crime and malpractice at work yesterday received a second reading in the House of Commons and looks set to become law. The government said the bill to protect whistleblowers acting in the public interest, launched by Richard Shepherd, a Conservative MP and longstanding campaigner against official secrecy, would "receive the necessary time" to pass through parliament and reach the statute book. "Workers who disclose wrongdoing at work should be protected from victimisation by their employer," said Ian McCartney, corporate affairs minister. "The government therefore fully supports Mr Shepherd's bill."

Liam Halligan

IMMIGRATION

Asylum seekers win test case

Asylum seekers today won a High Court test case to prevent a London municipality forcing them to live outside the capital while their futures are decided. The ruling will halt the trend among London authorities to move single asylum seekers to seaside towns. Backed by the Medical Foundation for the Care of Victims of Torture, seven asylum seekers successfully challenged the London Borough of Newham's decision to send them to south coast town of Eastbourne. Their lawyer, Stephen Knafel, said there were "compelling psychological and spiritual reasons" why those who had suffered torture and ill treatment in the countries from which they had fled should be allowed to remain in the capital where they could benefit from support of established communities.

Irish policy move fails to placate

By John Kammner, Chief Political Correspondent

The British and Irish governments last night sought to draw Northern Ireland's parties into a new constitutional framework by setting out a list of policy areas in which the governments already co-operate.

A joint statement issued ahead of talks in Luxembourg between Tony Blair and Bertie Ahern, the two prime ministers, is likely to be seen by unionists as increasing pressure to agree to a cross-border authority

between Ulster and the Irish republic as part of a settlement.

The Ulster Unionists were yesterday still angry at the visit to Downing Street by Gerry Adams, Sinn Féin president, and other members of the IRA's political wing.

David Trimble, Ulster Unionist leader, described Thursday's controversial meeting as a "silly little stunt".

Asked about a request from Mr Adams to Mr Blair to encourage a meeting between Sinn Féin and the Ulster leadership, Mr Trim-

ble said: "It would only feed his ego, which doesn't need it, and more importantly it would enforce his delusions."

Mr Trimble warned Mr Blair that future meetings with Mr Adams might jeopardise Ulster Unionist co-operation in the search for a deal, which the British and Irish governments say must be struck by May.

"We think the prime minister has made a mistake by inviting Sinn Féin to Downing Street and we think the only person who will be damaged by this affair is Mr Blair," he said.

British officials have indicated to their Irish counterparts their satisfaction at what they called the professionalism and realism of the position to the multi-party talks which was set out by Mr Adams and his team.

The significance of the latest Anglo-Irish statement, entitled "Programme of co-operation between Ireland and the UK", belies the bland language in which it is written.

Its purpose appears to be to outline the areas in which both governments will have a say under new arrangements for Northern Ireland.

These include transport, trade promotion, social security co-operation, agriculture, fisheries and food safety, youth training initiatives and closer school links.

Foreign affairs and relations with the European Union would almost certainly remain under UK government aegis, although greater co-operation on tackling crime and immigration would be envisaged.

The statement also indicates possible approval of some form of broader council of the two islands, proposed in September by Mr Trimble.

BSkyB royalties rule to be challenged

By Alice Rawsthorn

Composers and songwriters plan to challenge this week's ruling by the Copyright Tribunal on the amount of money they are paid by BSKyB, the satellite television channel, for the right to play their music.

Guy Fletcher, chairman of the British Academy of Composers and Songwriters, said that it was seeking legal advice to try to overturn the ruling that BSKyB should pay royalties of £3m (£4.9m) to composers and music publishers this year, rather than the £15m they had asked for.

The composers' complaints follow a long running row between them and BSKyB, over the level of royalties paid by the satellite channel.

BASCA is also waging a legal battle against EMI, the music group, over up to £60m in allegedly unpaid publishing royalties for thousands of 1960s and early 1970s songs.

When BSKyB was formed in 1990, the channel argued that because it was a new venture it could not afford the royalties paid by established broadcasters such as the BBC and ITV.

The Performing Rights Society, which collects royalties on behalf of composers and publishers whenever their music is performed, agreed to accept a fixed sum of £800,000 as a temporary measure.

Since then, BSKyB's audience has grown, and the company has become extremely profitable.

The PRS claimed the channel should pay a proportion (up to 3 per cent) of its income from advertising, sponsorship and subscriptions to composers and music publishers.

BASCA estimates that some composers receive as little as 20p for every minute their music is played by the satellite channel compared with £20 or £30 for an equivalent performance on the BBC or ITV.

Canned tea aims at cola sales

By Maggie Urry

Brooke Bond thinks it has got hot canned tea in the bag.

Unilever's tea and coffee business has spent three years and around £10m (£16.5m) developing hot cans which will be sold in newsagents, corner shops and petrol stations.

About 500m cups of tea are drunk each year in the UK but only 130m are consumed outside the home. Brooke Bond is hoping to displace colas and other soft drinks sold to people to consume "on the hoof".

The ring-pull tins will be kept at 13°C, an acceptable drinking temperature, in a heated cabinet on the shop counter.

Five drinks will be on offer; PG Tips tea with or without sugar at

55p, Red Mountain coffee, with milk, and either sweetened or unsweetened, at 60p and Chok, the leading French hot chocolate brand which Unilever recently acquired, also for 60p.

From early next year, Manchester consumers will be able to try the drinks, and research suggests the market could total 400m cans worth £240m a year once the product is available nationally.

John Coombs, marketing director of Van den Bergh Foods, Unilever's food and drink subsidiary, said: "If we only achieve half the level of sales all our volume projections are saying, we've still got a financially viable business."

After six rounds of consumer tastings and product

reformulations, Mr Coombs says the five drinks meet the tastes of 85 per cent of consumers. Other lines, such as black coffee, are planned.

He said substantial technical research went into producing a drink capable of retaining a "fresh" taste for up to five months on a shelf, and up to a week in the hot cabinet.

"Next time you're out and about and want a really good cuppa, you've got a straight choice - tea or coke, coffee or lemonade."

Brooke Bond said that tea was the hardest drink to convert into can form and eventually it came up with a formula of freshly brewed PG Tips and milk powder.



Big idea brewing: canned tea will go on sale first in Manchester

Government intervenes to negotiate agreement between miner and generators

Emergency meeting to save coal jobs

By Simon Holberton and David Wighton

Geoffrey Robinson, Treasury minister, has called an emergency meeting with power industry chiefs and Richard Budge, chief executive of troubled coal group, RJB Mining, for Monday afternoon to hammer out an agreement to save pits and jobs at RJB mines.

The government has been stung by the generators' failure to endorse a statement in the House of Commons on Wednesday by Tony Blair, prime minister, that they

had agreed in principle to buy more coal from RJB.

Mr Blair may face further questions on coal next Wednesday and the pressure is on Mr Robinson to broker a credible deal between the generators and RJB.

The mining group, which owns most of Britain's deep coal mines, faces a 10m-tonne shortfall in orders from next April. If RJB is unable to find other markets it might have to close up to eight deep mines with the loss of 5,000 jobs.

However, one big generator warned that anything

agreed would have to be non-discriminatory. "We can't agree to buy any new coal without first going out to tender," the company said. "We'd have the EU and other producers down on us if we did that."

Eastern and National Power, power generators, are likely to argue that they have done quite a lot to help RJB through the contracts they have recently negotiated with the company.

They believe PowerGen, which has yet to buy any coal from RJB for the period beyond next March, has to

indicate what it would be prepared to buy before they could commit themselves to further purchases.

Mr Robinson's intervention was seized on by John Redwood, the opposition industry spokesman, who claimed the paymaster general had turned "a dangerous muddle into a calamitous mess".

Mr Redwood also called for a statement on what the government had offered the generators in return. But colleagues of Margaret Beckett, the chief industry minister, said the paymaster general

had no authority to offer any concessions and had been brought in as a "wheel-exchanger". Mrs Beckett was said to have been very keen to get Mr Robinson involved.

"It was vital to get the Treasury on board to show Whitehall that the government was serious about the coal industry," said one of her colleagues.

Industry analysts said they doubted that the government had offered the generators any *quid pro quo* for supporting RJB.

Lex, Page 24

Legislation outlined to guarantee freedom of information

John Mason and Nancy Dunne report on proposals for greater transparency extending beyond government to the private sector

The government's proposed freedom of information legislation could make the UK one of the most open societies in the world, according to David Clark, the public services minister.

The much-delayed policy paper, unveiled this week, calls for an independent commissioner who would have statutory powers to force officials to provide members of the public with documents on demand.

All government departments, non-departmental government bodies, local authorities, the state health service, schools and colleges, public service broadcasters and privatised utilities will be included, along with parts of the armed forces, the police and courts.

The measures are poised to have a significant impact on business, bring-

ing companies fresh opportunities as well as new problems.

Greater transparency should help companies by providing them with more information when tendering for public contracts or dealing with regulators. But companies may also have to reveal sensitive information previously hidden by commercial confidentiality agreements.

The breadth of the proposals - that will cover companies performing public functions - has surprised many. The proposed disclosure requirement stipulates that only information likely to cause "substantial harm" can be kept secret.

This proposal has pleased freedom of information campaigners but seems certain to worry businesses.

Richard Thomas, director of public

policy at Clifford Chance, the City of London law firm, said the crucial consideration was: "How will the new arrangements prevent the disclosure of detailed financial and other pricing information which could cause considerable commercial damage if placed in the public domain?"

The all-important detail of the legislation remains to be decided and fierce lobbying is about to begin.

However, the policy paper's principles suggest the limits on commercial confidentiality will be considerable. They include:

● Disclosure to be made on a presumption of openness. The paper says "unsuccessful bidders need to know why they were unsuccessful and how they could succeed next time."

"For the public, it is important to

know how much central government services cost, no matter who provides them. Commercial confidentiality must not be used as a cloak to deny the public's right to know."

● Disclosure to be refused only if "substantial" harm would be caused. That covers trade secrets, sensitive intellectual property or data that may affect share prices.

● Information given in confidence, for example by experts, will be treated "with regard to the law of confidentiality".

Maurice Frankel, director of the Campaign for Freedom of Information, said the paper could lead to a better act than in many other countries.

How the legislation may work in practice is another issue. The US experience provides some useful indica-

tions, he said. There, the commercial confidentiality safeguards are, in practice, sufficient to prevent significant companies discovering their rivals' best-kept secrets.

The US act has exemptions to protect business secrets. Businesses that might be damaged are consulted before the release or denial of data. Requests and agency responses can be challenged in court.

The US Freedom of Information Act provides business with a useful tool, which it uses frequently. Its main value is to show how regulatory authorities work in practice. It has also led to better informed public procurement processes.

The environmental protection agencies are among the larger recipients of FOIA applications, many from compa-

nies that want information on how their competitors are complying with clean air and water rules. Businesses cited by an EPA for not abiding by regulations often seek additional information to challenge its findings.

The International Trade Administration said companies used the law by seeking potential business partners and export assistance centres. Some ask for information on old treaties and trade pacts; others want to know which competitors seek help at foreign consulates.

But many find the system so cumbersome and unreliable they have given up trying. "To get anything from some agencies you are required to go to court," said one lawyer who sent a request to the Customs Service more than a year ago, with no response.

FINANCIAL TIMES

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Saturday December 13 1997

Won down, more to go?

At the start of this year South Korea was the ninth largest economy in the OECD club. It had joined in December 1986. At yesterday's exchange rates the dollar value of Korean gross domestic product had more than halved and the country had sunk to number 17 in the 29-member OECD hierarchy. To the layman this seems, at the very least, bizarre. Has the value of Korean GDP really shrunk to this astonishing extent within the year? Or has the foreign exchange market taken leave of its senses?

Debt problems

Certainly the markets give a very misleading impression of Korean economic strength. Despite its size, the economy can still - when things go right - sustain a 7 per cent growth rate. The government's budget is in balance, public spending takes little more than a fifth of GDP and South Koreans save around 18 per cent of disposable income.

A current account deficit of 2½ per cent of GDP is scarcely a worry when exports grew at an annualised rate of around 20 per cent in the first half of this year. The subsequent fall of the won suggests that the deficit could disappear in next to no time, as the biggest of the *chaebols*, Korea's conglomerate exporters, make hay with a cheaper currency.

Why, then, are the markets all awry? The answer, in a word, is debt. It is common for Korean companies to borrow as much as three to four times their equity capital. And since the rate of interest on dollar- and yen-denominated debt has been much cheaper than domestic rates, companies have borrowed heavily overseas.

This was manageable when the economy was growing rapidly and the won was stable. But domestic demand has slowed dramatically, as business has retrenched after earlier over-investment. Cash flow is inadequate to service debt. So companies have foundered and the rating agencies have belatedly downgraded Korean banks as bad debts have piled up.

This has caused the currency to collapse, leading to a vicious circle. As the won falls, the corporate debts grow bigger. And as the mainly short term debt falls due, companies are forced to sell won to buy foreign currency to pay off foreign banks. So the collapsing currency is less a matter of irrational behaviour than a reflection of

the vicious debt squeeze.

There is only one way to stop such a dizzy downward spiral. The government has to stabilise the markets. And since the Korean government does not have unlimited reserves it has been forced to call in the International Monetary Fund. Yet the spectacular further collapse of the won this week indicates that the IMF has failed to restore confidence.

Part of the problem is a lack of candour on the government's part. It did not help confidence by pulling a wad of hitherto unrevealed liabilities out of its back pocket and announcing that short term debts suddenly exceeded \$100bn. Nor do the markets believe that the politicians want to implement the IMF's programme.

Yet the IMF is also part of the problem. Its recent experience lies chiefly in dealing with profligate governments, not countries with private sector debt problems. By calling for a draconian monetary squeeze and tight fiscal policy it will ensure that Korean balance sheets are further weakened.

The worry for Europe and the US is that if Korea suffers a financial meltdown, banks elsewhere may suffer contagion. And as the wobbles in the Hong Kong market implied this week, there is a risk that China may feel obliged to devalue again.

If the world is not to be overtaken by deflation, the West will have to act as an importer of last resort to allow troubled Asian economies to escape from excess industrial capacity and financial distress. It will be hard enough to avoid trade friction on the basis of the devaluations that have occurred to date. Further currency depreciation led by China would dramatically increase the risk of protectionism.

Deflation worry

The remarkable feature in all this is that the nervousness of markets outside Asia has not been greater in the face of poorer prospects for corporate profits and increased uncertainty. The biggest question mark hangs over Japan, where the banking problems are far greater than Korea's.

Much will hinge on the fiscal measures to be announced in Japan next week. But others must play their part, too. With financial systems under serious strain, it will require central bank skill and a fair dose of luck to see the world economy to firmer ground.

Tale of two Cities

The SBC-UBS merger has turned the focus of the financial sector in London from bonuses to job insecurity, writes Clay Harris

The best of times and the worst of times collided in the City of London this week. No sooner had the financial marketeers dealt with their annual outbreak of bonus envy over pay packets than fear replaced greed as the main talking point in the Square Mile.

"A lot of people are looking on this as the last big pay cheque," said one bond salesman. Anticipation of record bonuses has suddenly given way to a surge of job insecurity.

What changed the landscape overnight was a decision made in Zurich - the merger agreement between Swiss Bank Corporation and Union Bank of Switzerland to create the world's second largest bank. Integration is expected to result in the loss of 13,000 jobs worldwide. Over 3,000 of these losses will come in London, more than anywhere except Switzerland.

The job cuts - substantial though they are - might not have been enough by themselves to change the mood of one of the world's three largest financial centres more or less overnight. But they have come after a couple of months of stock market jitters around the world. They are occurring at a time when the financial travails of South Korea could, if the worst came to the worst, severely dent the earnings of banks in the US, Europe and, especially, other emerging markets. Most importantly, they are happening at a time when, paradoxically, the investment-banking business is in healthy shape despite wider worries in the markets. The mergers and acquisitions business has also been booming. Yet still jobs have been cut.

In a business inured to cyclical reversals of fortune and slowly awakening to longer-term changes (notably the globalisation of capital markets), the fallout from the Swiss merger was a heavy blow to City morale. *Schadenfreude* among the usual jokers was tempered by shivers that they could be next in the shakeout.

"People who've been around know it's not a blip, and the economic realities have changed," one investment banker said.

"It's very rare that you get layoffs during good times," agreed one leading City headhunter.

The City had been able to shrug off the loss of 300 jobs at Yamachi Securities, which filed for bankruptcy in November. It could also ignore the shadow over 40 jobs at Yasuda Trust Europe, the London-based operation of the troubled Japanese house. Both could be seen as inevitable consequences of problems at home in Japan. The Swiss merger was different in more than scale.

SBC and UBS are not falling. Their securities and investment banking operations ranked in the



top five in several league tables for 1997 so far. They also ranked in the top five in the most recent surveys by Eitel and Reuters of banks with the best reputations for research.

They were also profitable - if not profitable enough in the current demanding climate for returns on equity. This factor had already prompted Barclays and National Westminster Bank to retrench considerably with disposals and closures.

Although the SBC-UBS merger was driven largely by domestic

considerations in the over-banked Swiss retail market, the combined investment banking operation would be able to justify itself only if costs were pruned ruthlessly. And it is that process which has implications going far beyond two Swiss banks.

Even merchant bankers at institutions not yet affected by cost-cutting, or insulated by their ownership structure, acknowledged there was a certain ironic justice at play.

Corporate advisers have long encouraged clients to make take-

overs or streamline their businesses to boost earnings, often at the cost of thousands of jobs. Now, they are finding chickens coming home to roost.

In spite of unprecedented corporate activity in Europe and mega-deals in the US - and in the face of every expectation that both will continue next year - investment bankers are now being confronted with overcapacity in their own business.

For European banks of the size of SBC or UBS before their merger, the pressure is being increased by the growing competition from US investment banks like Merrill Lynch, Morgan Stanley, Goldman Sachs, Salomon Smith Barney and JP Morgan. "Sheer size and power will dominate the market," one banker said. As the big get bigger, medium-sized banks will have to merge, or seek niche markets.

Leaving aside the sector-wide trend, the SBC-UBS merger has had a particularly potent effect in stoking job insecurity because of the way it was handled. Financiers were rattled not only by how many people were to lose their jobs, but who and how they were chosen.

It was no surprise that something was in the offing. Speculation had surrounded UBS's investment banking side for months; some had expected a reorganisation to be announced when UBS held its autumn press conference a month ago.

But when rumours became reality, what was billed as a merger of equals quickly emerged as a disguised takeover by the smaller SBC, especially as it affected jobs in London. Bosses have barely paid lip service to the promise that the cull would be even-handed, or even open-minded.

"Regardless of where the people come from, the best will be taken," Mathis Caballavetta, UBS's chief executive and chairman-designate of the combined group, said on Monday. But SBC's Warburg Dillon Read subsidiary was to be the "platform" for the merged investment banking business and Mr Caballavetta admitted: "The overwhelming reductions will come from our side."

Succeeding days proved that to be an understatement. It rapidly became clear that SBC was in control, and retentions from UBS would be the exception rather than the rule. Even people whom SBC had been trying to poach from UBS before the merger appeared to be getting the cold shoulder and various jobs announced as part of the integration process appeared to be little more than window-dressing. Some UBS staff felt betrayed by their Zurich masters, who had left even senior London-based executives in the dark and thus unprepared for the inevitable sharp elbows at close quarters.

The City is a chatty place, especially in the bibulous weeks before Christmas, and it has not taken long for the lessons to be absorbed. Consolidation is coming, more jobs will be lost, and politics may outweigh meritocracy in choosing who gets and keeps them.

But does this make the huge compensation packages that stoke so much excitement and envy an endangered species? For the many, it may. For the few, however, it just means there will be more dosh to go around. "The ones who are left will get more, not less," said one compensation expert.

Even before the SBC-UBS merger, many were sceptical of the 20-30 per cent figure being mooted as the average rise in City bonuses for 1997. They expected a lower level generally, albeit with spectacular exceptions for star traders and those in high demand, such as information technology specialists preparing systems for Enron and the year 2000.

They also noted that securities houses were trying to keep bonus expectations within bounds, not just for 1997, but for the future. The UBS experience should strengthen their negotiating hand.

Jonathan Baines, managing director of City headhunter Baines Gwiner, said: "This is a significant block of high calibre staff coming on to the market, and although one should not discount the appetite of others to fill the gaps in their business, this should ease the upward pressure on compensation for some months to come."

Another headhunter said: "I think employers will use it to their advantage," especially in resisting demands for inflexible contracts. "The top firms have not paid multi-year guarantees as a rule, but some of the lesser tier firms have."

The largest investment banks may also try to persuade employees that, in the words of one banker, "there's a premium to pay for working at a top-notch firm". In other words, accept less now in return for a more secure future. He added: "Pay now perhaps has less of a lead on all the factors which influence where you work."

There are already signs that this boom is not like others. The City has seen less conspicuous consumption than in the yuppie heyday of the mid 1980s; prudent ants have the upper hand over profligate grasshoppers. One banker said: "The kids who are earning the money - I don't see when they get time to spend it. They're lucky to get one weekend off in five."

One trader said most of his colleagues looked to the future with illusions. "Bonuses are paid to stash, to put aside. A lot of people assume that someday it's going to happen."

Whatever it may be.

LETTERS TO THE EDITOR

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Arab reticence over Iran's role

From Mr Martin Kramer:

Sir, The Financial Times ("Iran comes in from the cold", December 9) has succumbed to Iranian propaganda about what the FT calls the "high-level turnout" of Arab states for the Tehran Islamic summit conference.

This is, after all, a summit conference, not a conference of foreign ministers. Yet there are no Arab heads of state from North Africa - that is, Egypt, Libya, Tunisia, Algeria, and Morocco. In the Arab Gulf, only Kuwait and Qatar are represented by heads of state. At a summit conference, representation by anything less should be described as a "low-level turnout".

A more astute reading would suggest that Arab governments are still deeply reticent about Iran's regional role and its support for Islamism. By low-level representation, they have found a way to defend their interests in Tehran without embracing Iran's regime or its policies.

Similarly, your paean to Iranian "moderation" on (of all things) the peace process has now been thoroughly punctured by the uncompromising conference speeches of both Ayatollah Khamenei and president Khatami. (The former called land-for-peace a "joke".) In the rush to acclaim Iran's moderation, one may choose to ignore facts. But one should not make them up.

Martin Kramer,
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Brussels 'gold' lost to the UK's farmers

From Mr James Provan MEP:

Sir, You uncharacteristically swallow UK Treasury propaganda without question in your article on the government's refusal to provide financial relief to farmers following the strong rise in sterling ("Farmers green with envy over Emerald Isle", December 10).

While it is perfectly true that any increase in Common Agricultural Policy expenditure in the UK is partially offset by a reduction in the budget rebate, this in no way supports the conclusion that "there is no pot of gold in

Brussels". The truth is that, as far as the European Union contribution is concerned, the amount of the aid would exceed the amount by which the rebate would be reduced.

To put this another way, if the government continues to refuse to claim this aid, to which British farmers are fully entitled under EU law, it is money lost as far as the overall British economy is concerned, and the long-suffering agriculture industry in particular. Consequently, the EU compensation scheme involves no net cost to the British taxpayer, a net

gain to the British economy, and a significant relief for farmers.

The UK government should stop being disingenuous by confusing the Treasury's narrow, short-term interests with the long-term interests of the country as a whole. The government should also get its priorities right.

James Provan,
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Refugees: a reminder that the misery is undiminished

From Mr Philip Peters:

Sir, The 1997 UN refugee report is a reminder that the cold war's end has not diminished the misery that lands at the UN High Commissioner's doorstep ("More refugees 'have nowhere to run'", December 9).

One country alone, the Democratic Republic of Congo, shows the problem in microcosm. During the past year, civil war created tens of thousands of new refugees and displaced others within their own country; rebel forces attacked those refugees and others already in camps; vicious rebels continued those attacks; and once in power under President Laurent Kabila, they manipulated the UN and denied a UN inquiry prompt access to the massacre sites.

But the picture is not entirely grim. Many in the international community now realise that in

Africa's Great Lakes region, effective protection of refugees and disarmament of the combatants among them would have served a humanitarian purpose and might have prevented some military conflict.

In the former Yugoslavia, the international community is working against difficult odds to resettle refugees to make the Dayton accords work. And countries such as the US are taking a greater role in refugee resettlement. Having driven down its refugee admissions nearly 40 per cent since President Clinton took office, the US will admit 33,000 in 1998, a 6 per cent increase.

Philip Peters,
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Enemies meet their match

From Mr Gerald Long:

Sir, Your correspondent Arnie Wilson and his mentor ("The 100-year war of words", December 6-7) failed to mention other words whose disappearance has left the English language poorer. These include: farrago, an earlier time in a distant place (from "far" and "ago"); fastidiot, one who writes quickly but without substance ("fast" and "idiot"); "codswallop", a feeble jargon (etym. dub.); and that useful term "butter", freshly churned butter.

With such as Arnie Wilson to defend it, the enemies of the English language will try in vain to subvert it (subvert: to get past defences). Perhaps we might hope for a further situation report at the beginning of April?

Gerald Long,
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FINANCIAL TIMES
Finance

هنگامی که از اصل

Man in the News • Michel Camdessus

Bruiser who loves a crisis

The IMF managing director is a cunning tactician, says Robert Chote

For an international bureaucrat, Michel Camdessus has proved a remarkably nimble political operator. During his 11 years as managing director of the International Monetary Fund, he has exploited a succession of economic crises to enhance the institution's role as watchdog of the world monetary system. Asia's financial turmoil is only the latest example. In recent weeks the IMF has helped assemble more than \$100bn in emergency financial support for Thailand, Indonesia and - most recently and most controversially - South Korea. In doing so it has failed to restore confidence in the region's economies and it is now being criticised for attaching damagingly deflationary conditions to its loans.

One might have expected the IMF's managing director to be forced onto the defensive, but not a bit of it. Instead he is using the crisis as an opportunity to reopen a wound that has already taken more than three years to heal: demanding again that the fund's shareholders agree to a dramatic increase in its capital base and financial resources.

At the IMF's annual meeting in Hong Kong in September, the fund's shareholders agreed, after years of debate, to increase the organisation's \$200bn capital base by 45 per cent. At one stage the arguments over

this issue had threatened Mr Camdessus's reappointment to an unprecedented third five-year term as managing director. Mr Camdessus always argued that an increase of this size was too small and he acquiesced only reluctantly in the face of unyielding opposition to a larger rise from the US and others. Now, barely two months later, he is arguing that the fund is right all along and that the fund should get more money.

Even his opponents are impressed by the *chateaubriand*: "Michel never misses an opportunity to use a crisis to position the fund to its best advantage," says an official. "And he is not going to miss this one either."

Mr Camdessus's latest proposal is likely to bring him into conflict again with the US, the fund's largest shareholder. But he has never been afraid to pick a fight, and has annoyed almost every powerful lobby among the IMF's 161 member countries at some point during his tenure.

In 1994 he backed developing countries in calling for a big increase in the IMF's capital base, thereby annoy-

ing the industrial countries who had to contribute the most. Then, in 1995, he pleased the Clinton administration by agreeing to provide massive emergency support for Mexico, only to infuriate his European members by acting before he had sought approval from the IMF board.

"My job is not to look at what the industrial countries think," Mr Camdessus said during one row with them. "My duty is to give a judgment on what is in the global need."

But despite his willingness to court controversy, Mr Camdessus was reappointed by a unanimous vote of the IMF board in May 1996. Even finance ministers and central bank governors who have crossed swords with him respect him as a cunning tactician and effective negotiator.

These skills have been evident again as the IMF has negotiated the terms of its Asian bail-out. Stanley Fischer, the first deputy managing director, has been the economic architect of the deals, but Mr Camdessus has - notably in Korea - wrung out some important last-minute concessions.

"The two work together as a very good team," argues one central banker. "Stan is the technician and Camdessus is the diplomat." Asia is not an easy region for the IMF to do business in, as nationalist sentiments are widespread and globalisation is sometimes seen as a threat. But Mr Camdessus's combination of tough approach and friendly manner has gone down well. Even Mahathir Mohamad, the Malaysian prime minister and one of the IMF's fiercest critics, says that he impresses him.

Born in Bayonne, on May 1 1933, Mr Camdessus has pursued the sort of career typical of elite French officials. He was educated at the University of Paris before taking postgraduate degrees in economics at the Institute of Political Studies and at that institute for future French presidents and prime ministers, the Ecole Nationale d'Administration. He joined the French Treasury in 1960, rising smoothly through its ranks over the next 24 years.

He speaks Spanish - with a heavy French accent - a skill which came in useful during his spell as chairman

of the Paris Club of creditor countries between 1978 and 1984. There, he helped deal with the fall-out of the Latin American debt crisis. For the last two years of this period, he also chaired the EEC's secretive monetary committee.

In August 1984 Mr Camdessus was appointed deputy governor of the Bank of France, moving to the top job just three months later. He became the IMF's managing director in 1987, outmanoeuvring Onno Ruding, the Dutch candidate and front-runner.

For a while, Mr Camdessus was attracting the smart money as a possible candidate to become the first president of the European Central Bank. Officials now see him as an unlikely prospect, but with France and the Netherlands deadlocked over their first-choice candidates, many refuse to rule him out.

Mr Camdessus sees the adoption of the single currency as "the most important decision for the international monetary system since the breakdown of Bretton Woods", the fixed exchange rate regime put in place after the second world

war. He argues that it will make "a constructive contribution to the emergence of an international economic order".

But having the deadline for monetary union approaching at a time when the Asian financial crisis threatens to widen and deepen poses obvious dangers.

Not for the first time, Mr Camdessus is playing for high political stakes. His proposal to reopen the capital base debate and lift the size of the quota increase looks, on the face of it, unlikely to succeed. The US and UK are said to be opposed to the idea, and the US vote alone would prevent it receiving the necessary 85 per cent majority.

At the same time, officials from the Group of Seven leading industrial countries are well aware that the attacks on the IMF's prescriptions for Asia could intensify. Jeffrey Sachs, the volatile Harvard economist, and Joseph Stiglitz, the World Bank's chief economist, have both cast doubt on the appropriateness of the fund's programmes. Mr Sachs argues that sudden monetary contractions do more harm than good in these countries. The G7 stands firm behind the fund, but Mr Camdessus's salesmanship may prove crucial.

Fortunately, as one official put it: "Michel is a man who rises to and relishes a crisis."



Chapter with an unwritten ending

Robin Allen looks at the battle for Iran's soul between the theocratic hardliners and the tolerance of President Khatami

After 18 years of militant rhetoric and self-imposed isolation, a new chapter is unfolding in the turbulent history of Iran's Islamic revolution.

The next three to four years will see Iran follow one of two dramatically divergent paths. Either Mohammed Khatami, the reformist president elected this year, will successfully forge a more tolerant society where dissent and freedom of expression are allowed within the rule of law. Or Mr Khatami's vision of an "Islamic civil society" will be snuffed out by theocratic hardliners whose doctrinaire views have so far prevailed and who still control many of Iran's levers of power.

The first lines of this new chapter were written in May by some 20m voters who elected Mr Khatami in a landslide victory that is proving a seismic event in Iranian history and astonished the clerical establishment. Only then did the clerics appear to realise the country had grown weary of their dogmatic control of people's everyday lives.

Since winning that victory, Mr Khatami's stature has grown, especially abroad and especially after his government played host to this week's summit meeting of the 55-member Organisation of Islamic Conference.

No lesser figure than Kofi Annan, the UN secretary general, described Mr Khatami as "a man of his times, determined to improve the lot of his people, to work with his neighbours and the rest of the world".

However, it is not in the international arena that Iran's future will be decided. The real battle for its soul is taking place at home where Mr Khatami's authority is being challenged by rival power centres.

"Iran is a country where political decisions are reached not on merit but by a process of 'positive inertia'," says one observer. It is a system "where individuals concentrate on saying only



Khatami: the reformist president's authority is being challenged by rival power centres

enough to reinforce their own positions and, if possible, out-maneuvre their neighbours".

Mr Khatami's position is constitutionally subordinate to that of Ayatollah Ali Khamenei, the country's spiritual leader who holds the office of *velayat-e-faqih*, which makes him supreme arbiter of all religious and political matters. Mr Khamenei controls the country's police and security, the revolutionary guards and other militant activist groups that were the vanguard of the revolution. These are more important elements of

national authority than the conventional armed forces over which Mr Khatami's government has nominal control.

Muddying the waters further is Hashemi Rafsanjani, the former president, who, before he handed over last August, doubled the size of the Expediency Council - a body set up by Ayatollah Khomeini, the Islamic Republic's founder, to mediate in any case of stalemate between the *majlis* (parliament) and the cleric dominated Council of Guardians. The power of the Expediency Council, which con-

tains as many people opposed to Mr Khatami as it does kindred spirits, has grown far beyond that originally envisaged. The authority of Ayatollah Nouri, Mr Khatami's interior minister and of his culture and Islamic guidance minister, the enlightened Ayatollah Mohajeri, is similarly circumscribed by the constitutional power of the clergy.

But the conservative clerical and secular establishment is itself under pressure from several sides, not least socialist and national patriotic groups. Senior clerics, such as Ayatollah Hossein

Ali Montazeri, recently criticised both the concept of *velayat-e-faqih*, and Mr Khamenei's qualifications to hold the post. Mr Khamenei responded by demanding Mr Montazeri be tried for treason.

President Khatami has been careful to keep himself and his office above this and other disputes, many of which have resulted in thugery and street violence.

The president has on his side the voices of the world's biggest gambling business. That distinction belongs to the US whose gambling sector turns over an annual \$550bn (\$333.3bn) and whose casinos are flashier than their British counterparts.

But even in the US gambling is not omnipresent, confined as it is to just a few states. In the UK, betting opportunities are everywhere: in casinos, bingo clubs and betting shops and through football pools, fruit machines and - most importantly - the National Lottery. Only one in 10 British adults has never gambled.

But the industry is in a mess. The tight regulation that has kept gambling largely crime-free for the past 30 years has always been idiosyncratic, with its definitions of "hard" and "soft" gaming. Now it has become a nonsense. That is because the state, traditionally the industry's gamekeeper, has turned poacher with the launch three years ago of the National Lottery. The result is glaring inconsistencies.

A 16-year old, for example, can buy National Lottery scratch cards with a top instant prize of £75,000. Yet if he wants to play a fruit machine with a £10 maximum payout, he must wait for his 18th birthday.

Similarly, while the National Lottery was launched with a blaze of advertising, casino operators still risk two years in prison just for publicising their address. Anyone wanting to visit a casino (or for that matter a bingo club)

should be treated is a relic of a bygone age."

Historically, church and state have been against gambling - the former regarding it as a sin and the latter as a crime. Social attitudes began to change in Victorian times. Although gambling, like prostitution, was seen as undesirable, the upper classes indulged in both.

The urge to flatter was directed into illegal casinos and betting shops. These flourished in the UK until the 1960s when the government finally legalised and controlled them. The 1968 Gaming Act established the Gaming Board to regulate the industry.

The philosophy enshrined in the act was that gambling was to be tolerated, not encouraged. The £5bn National Lottery changed all that. Not only has it stimulated the public's appetite for gambling, it has also prompted new games dreamt up to cash in on the craze.

Betting shops have, for instance, launched 49's, a numbers game similar to the National Lottery. So grey is the law, that Camelot, the Lottery's operator, tried (and failed) to have the 49's game banned.

The industry has had enough. Calls are growing ever louder for a radical overhaul of gaming laws, the inadequacies of which were again exposed last month with the launch of Frontal, an on-line pub lottery game. The Gaming Board, which opposes Frontal on the grounds it could become addictive and turn pubs into gambling dens, was nonetheless obliged to grant it a licence since it met the legal definition of a lottery.

The government has admitted the need for reform. But some doubt whether it has the stomach for a wholesale review. "This government has got a holier-than-thou attitude," says one prominent industry executive, who believes new Labour will not want to appear soft on gambling. "It is too frightened to do anything that might shift the halo."

UK's lucky dip

Britain's huge gambling sector suffers fickle laws, says Scheherazade Daneshkhu

has to register 24 hours before gambling, ensuring a "cooling off" period.

"The rules are positively detrimental to the tourism and casino industry," says John Garrett, managing director of leisure at Rank, the UK's largest owner of casinos. "Despite this nonsense, casinos in the UK are estimated to account for in excess of £500m in invisible earnings from overseas visitors. Imagine what it might be with a more sensible approach to membership."

Michael Grade, executive chairman of First Leisure, the bingo and attractions group, is incensed by such anomalies. "A really athletic, dedicated and alert bingo player can probably lose £16 in an evening if he plays every bingo game and every machine," he says. "Yet people can go to the supermarket and buy £100 of National Lottery scratch cards with no opportunity to reconsider. This nannyism view of how the public

Betting is everywhere: in casinos, bingo clubs and betting shops and through football pools, fruit machines and the Lottery

The Dutch are tiring of the 'exhibitionistic enrichment' of the country's corporate sector, writes Gordon Cramb

Bad but not banned in Amsterdam

"If you come in on this deal, that's the amount you'll find in your bank account when it's done."

The voice, whispering into a mobile phone, was that of an actor in a shiny suit. But the audience was authentic enough, comprising securities traders. So was the setting: the production was mounted by Amsterdam Exchanges (AEX), the operator of the Dutch equity and derivatives markets, as the first of a series of ethics workshops. And so was the story: the play drew from the exchanges' complaints records.

Half an hour away in Utrecht, the dialogue was even more authentic. Gerrit Zalm, the finance minister, had been invited to debate the state of the Dutch economy with Cees van der Hoeven, chairman of AEX, the country's largest retailer. The argument became rather pointed.

"Not just misuse but any use of insider knowledge is to be punishable," said Mr Zalm, talking about government proposals now going through parliament to

tighten up on insider trading. "I always have prior knowledge," said Mr van der Hoeven, who argued that the curbs would spoil plans to give managers more of a stake in their business through shares or options.

"If I were in Mr van der Hoeven's shoes I would never deal," retorted the minister. "I would suggest you get an independent manager for your shares." The grocer lapsed into uncharacteristic silence.

These two vignettes capture the confusion into which Dutch business life has fallen since justice and tax officials raided the floor of the Amsterdam bourse in October, arresting 15 people.

Executive share options are coming in for special disfavour. At the start of the year, the prime minister, Wim Kok, denounced them as "exhibitionistic enrichment" - a phrase that seems to have struck a chord among a populace which throws

on conspicuous consumption and which was not impressed by the recent news from the US that Michael Eisner had cashed in \$400m of Walt Disney stock as part of his options package. The proposal to restrict stock options may gain an already popular government further credit at a general election next May.

What seems not to have gone down so well are the accusations swirling around the country's financial markets. These have led to the detention in custody for the past five weeks of the "grand old man" of the bourse, Adri Strating, one of the 100 richest Dutchmen with a personal fortune put by one estimate at £120m (\$144m). He faces accusations including membership of a criminal organisation, money laundering, bribery and forgery.

Prosecutors say they are studying files on up to 45 more cases. Evidence in the country's biggest ever stock exchange scandal sug-

gests there may have been a cocoon of cosy relationships among brokers, fund managers and directors of a few listed companies.

Such disclosures have added a new meaning to the term "going Dutch": what was being shared was not the drinks bill at the city's Yab Yum hotspots but that some in the business frequented but, purportedly, the profits from illicit transactions put through the stock exchange. They have certainly embarrassed many people who have begun to take slightly startled pride in an economic record recently hailed as a potential model for Europe.

How far the disclosures get in open court, however, is another matter. So far, only one insider dealing case has ever been made to stick.

Directors of Nussle Brink, an investment bank which failed four years ago, had their jail sentences for fraud reduced this

month to community service. In February, Caroline de Bievre was able to stay out of the dock after admitting buying shares in 1982 based on information overheard from her husband Louis, who thereupon had to resign as a main board member of ABN Amro Bank.

These cases, and the ones under investigation, date back to a system of self-regulation that has now changed. Under the new regime, the AEX, which runs the bourse and is the successor organisation to the old stockbrokers' association, is shielded from any claims on its predecessors, and in return has surrendered most of its supervisory powers to the government.

The Hague had pressed for that shift in responsibility. But the new system could begin in embarrassment for the government if the latest scandals come to naught, while AEX will be able to shrug off any successful

prosecution of those on its floor, having learnt, in the words of the flamboyant British writer Quentin Crisp, the most important lesson: how to become a virgin.

"They put a new name on the wall, and that is most of the change," says Pieter Paul de Vries, director of the VEB shareholders' association. He is calling for the removal from the exchange of its residual regulatory powers, such as ensuring companies issue price-sensitive information in a timely way. Those duties, he says, should not be in the hands of a business whose own primary goal is to turn a profit.

For all its flaws, however, the new regime looks like an improvement on what came before. Dubious dealing practices - the quiet pocketing of a parcel of shares for a broker's own account just before pushing through a big order - commonly

went by the phrase *stout maar niet fout*, "bad but not banned".

Many people think that is the Dutch way. Europe's oldest mercantile nation had long learnt that it is harder to accept than to abhor. It is an attitude which, in the trade of goods and services, has helped keep a country of only 15.5m people well within the world top 10. The bourse enjoys a similar ranking. It is also an attitude that has allowed "coffee shops" to buy and sell cannabis.

Under European Union pressure, the drugs business is becoming subject to stricter controls - and now the financial sector is coming under similar scrutiny. Mr Zalm told his Utrecht audience that a clean bill of health for the financial sector, as well as for state finances, were "absolute necessities if the Netherlands is to participate successfully in monetary union".

To the 60 or so whose past conduct is under scrutiny through the unprecedented zeal of Amsterdam justice officials, that may be Dutch comfort.

No early rally seen for gold

MARKETS REPORT

By Maggie Urry

Gold prices dropped to an 18-year low this week, with the Friday afternoon "fix" setting a price of \$283.05 an ounce, down from \$284.80 on Thursday, and the lowest level since August 6 1979.

Traders said they expected the price to test the \$283 support level, suggesting that if it drops below that it could then fall to \$280. If that support was breached, one trader suggested the price could slump to \$260.

The reduction came despite comments from the Swiss National Bank which were regarded as positive. One fear in the gold market is that central banks will sell their gold stocks, depressing the market.

However, Jean-Pierre Roth, vice chairman of the Swiss National Bank said "we do not intend to reduce our gold stocks quickly. We are convinced that gold will continue to play a role as a reserve currency especially in times of crisis".

Dealers believe the gold price will not recover without a significant reduction in production, and few mining companies can extract gold profitably with prices at current levels.

The oil price has been similarly weighed down by a production glut. There had been hopes the market would tighten this week as Iraq's oil-for-food deal with the United Nations expired last Friday.

The price has been weak since the Organisation of Petroleum Exporting Countries agreed a 10 per cent increase in quotas at its meeting last month. Then, on Wednesday, Iraq said it could resume its exports within weeks if a new deal was agreed with the UN.

Price falls during the week took Brent blend to an 18-month low on Thursday. A firm trend set in yesterday with Brent blend for January delivery up 14 cents to \$17.55, but the price was still below the \$18 a barrel regarded as important.

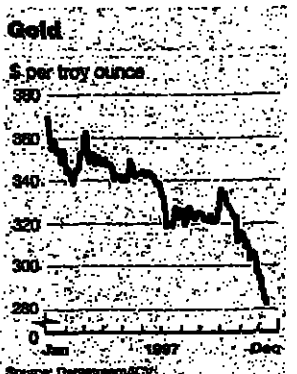
There are fears that a slowing of economic growth in Asia will damp demand for oil, just as production increases.

In soya, cocoa has risen sharply in recent weeks, and continued to rise yesterday in spite of some industry selling. Soya beans fell in active trade on fears of reduced demand from Asia.

WEEKLY PRICE CHANGES

	Latest price	Change on week	1997	Low
Gold per troy oz.	\$283.05	-5.50	\$283.20	\$283.65
Silver per troy oz.	\$47.85	+2.50	\$45.35	\$45.35
Aluminium 99.7% (cash)	\$1543	-12	\$1555	\$1543
Copper Grade A (cash)	\$1795	-5	\$1800	\$1795
Lead (cash)	\$811	-5	\$816	\$811
Nickel (cash)	\$815	+15	\$800	\$815
Zinc SHG (cash)	\$1124.5	+12	\$1112.5	\$1124.5
Tin (cash)	\$2535	-50	\$2585	\$2535
Cocoa Futures Jan	\$1785	-19	\$1804	\$1785
Coffee Futures Jan	\$118	-1	\$119	\$118
Sugar (LDP Mar)	\$29.80	-0.50	\$30.30	\$29.80
Barley Futures Jan	\$27.40	-0.20	\$27.60	\$27.40
Wheat Futures Jan	\$21.75	-0.15	\$21.90	\$21.75
Cotton Outlook A Index	74.82	-0.38	75.20	74.82
Wool (44s Sep)	\$32	-2	\$34	\$32
Oil (Brent Blend)	\$17.55	-0.05	\$17.60	\$17.55

Per tonne unless otherwise stated. P = Pence, C = Cents, B = Bp.



Source: Commodity Research Bureau

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BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM 99.7% PURITY (\$ per tonne)

Cash 3 mths

Close 1542.5-43.5 1547.00

Previous 1543-44 1555.50

High/Low 1537-45 1571/556

AM Official 1537-45 1550-50.5

Kerb close 1553-53

Open Int. 264,877

Total daily turnover 1,157

ALUMINIUM ALLOY (\$ per tonne)

Close 1400-10 1425-30

Previous 1410-20 1430-40

High/Low 1400-10 1430/415

AM Official 1395-400 1422-30

Kerb close 1425-30

Open Int. 6,214

Total daily turnover 1,192

LEAD (\$ per tonne)

Close 520-2 520-7

Previous 510-5.5 520-7

High/Low 510-5.5 540/532

AM Official 510-8 525-6

Kerb close 535-6

Open Int. 35,576

Total daily turnover 8,523

NICKEL (\$ per tonne)

Close 6180-70 6255-80

Previous 6135-45 6220-35

High/Low 6135-45 6280/220

AM Official 6125-35 6220-25

Kerb close 6240-50

Open Int. 60,095

Total daily turnover 22,392

TIN (\$ per tonne)

Close 5530-40 5440-50

Previous 5475-60 5385-90

High/Low 5475-60 5440/530

AM Official 5470-70 5390-85

Kerb close 5405-10

Open Int. 15,579

Total daily turnover 12,489

ZINC, special high grade (\$ per tonne)

Close 1124-25 1144-47

Previous 1125-25 1144-47

High/Low 1125-25 1151/335

AM Official 1115-15 1137-38

Kerb close 1138-39

Open Int. 82,536

Total daily turnover 20,329

COPPER, grade A (\$ per tonne)

Close 1784.5-85.5 1824-25

Previous 1782-3 1810-11

High/Low 1784-85 1830/1610

AM Official 1784-85 1814-15

Kerb close 1814-15

Open Int. 158,677

Total daily turnover 55,558

LIME AM Official 99% min. 1.650T

Lime Cladding 99% min. 1.650T

Spec 1.550T 3 mths 1.650T 1.550T 1.650T

HIGH GRADE COPPER (COMEX)

Sett. Day's price change High Low Vol Int.

Dec 90.30 +0.25 91.00 90.00 62 1,155

Jan 90.85 +0.40 92.00 91.00 183 2,950

Feb 91.40 +0.30 92.15 91.20 48 1,901

Mar 91.50 +0.30 92.50 91.50 3,089 50,049

Apr 92.50 +0.40 93.10 92.00 20 1,472

May 92.90 +0.40 94.10 92.90 110 4,829

Total 4,487 96,821

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold/Troy oz. \$ price

Close 283.05-283.00

Opening 283.05-283.00

Morning fix 283.05 170.24 405.47

Afternoon fix 283.05 171.18 405.98

Day's High 283.05 171.18 405.98

Day's Low 283.05 171.18 405.98

Previous day 283.05 171.18 405.98

Loco Lds Mean Gold Lending Rate (1/2 US\$)

1 month 4.29 6 months 4.29

2 months 4.29 12 months 4.27

3 months 4.29

Silver Fix p/troy oz. US cts equiv.

Spot 347.85 579.50

3 months 350.20 579.50

6 months 351.70 579.50

12 months 353.25 579.50

Gold Coins \$ price 2 equiv.

Kruggerand 287.5-288.5 174-175

Maple Leaf 70-73 42-44

New Sovereign 70-73 42-44

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol Int.

Dec 282.8 -1.2 283.7 282.2 84 641

Jan 283.8 -1.2 283.2 283.2 3 2

Feb 284.8 -1.2 285.5 284.0 10,870 10,870

Mar 285.8 -1.2 286.2 285.0 593 12,053

Apr 286.8 -1.3 287.0 287.0 477 11,270

May 287.8 -1.3 288.0 287.8 516 2,885

Jun 288.8 -1.3 289.0 288.8 516 2,885

Total 21,132 119,507

PLATINUM NYMEX (50 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol Int.

Dec 340.2 -0.2 340.5 340.0 2,580 10,553

Jan 341.2 -0.2 341.5 341.0 2,580 10,553

Feb 342.2 -0.2 342.5 342.0 2,580 10,553

Mar 343.2 -0.2 343.5 343.0 2,580 10,553

Apr 344.2 -0.2 344.5 344.0 2,580 10,553

May 345.2 -0.2 345.5 345.0 2,580 10,553

Jun 346.2 -0.2 346.5 346.0 2,580 10,553

Total 15,420 62,727

PALLADIUM NYMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol Int.

Dec 301.25 -0.40 301.60 301.00 2 250

Jan 302.25 -0.40 302.60 302.00 2 250

Feb 303.25 -0.40 303.60 303.00 2 250

Mar 304.25 -0.40 304.60 304.00 2 250

Apr 305.25 -0.40 305.60 305.00 2 250

May 306.25 -0.40 306.60 306.00 2 250

Jun 307.25 -0.40 307.60 307.00 2 250

Total 12,480 50,000

SILVER COMEX (5,000 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol Int.

Dec 584.2 +0.8 585.5 573.0 372 813

Jan 585.2 +0.8 586.5 574.0 3 33

Feb 586.2 +0.8 587.5 575.0 3 33

Mar 587.2 +0.8 588.5 576.0 3 33

Apr 588.2 +0.8 589.5 577.0 3 33

May 589.2 +0.8 590.5 578.0 3 33

Jun 590.2 +0.8 591.5 579.0 3 33

Total 22,107 92,573

ENERGY

CURRENCIES AND MONEY

Won down

By Simon Kuper

The South Korean won hit the bottom of its 10 per cent daily limit again yesterday, but then bounced back up after the Bank of Korea spent an estimated \$200m buying its currency.

Late yesterday the won was at 1,710 against the dollar, Korea's finance ministry said the country would have \$3.2bn in usable foreign exchange reserves by the end of the year, compared with the \$10bn announced on Thursday.

Since the International Monetary Fund brokered Korea's record-breaking \$57bn rescue package on December 3, the won has dropped more than 30 per cent - greater than its fall before the package.

The dollar recovered yesterday from an earlier slump against the D-Mark, as the world's stock markets

recouped some of Thursday's losses, concerns remained for the health of Boris Yeltsin, Russian president, and a Bundesbank official said he was not worried about the dollar's recent rise against the D-Mark.

Reinut Jochimsen, a Bundesbank council member, said that the Asian crisis seemed to have buoyed the dollar against the D-Mark, but added: "By and large I am confident that the present range is quite reasonable. There is no worry in this regard."

The Kremlin denied a report quoting an unnamed medical source as saying that President Yeltsin had suffered a brain "spasm".

The dollar closed at DM1.773 to the D-Mark.

Dollar

DM per \$

1.80

1.78

1.76

1.74

1.72

1.70

1.68

1.66

1.64

1.62

1.60

1.58

1.56

1.54

1.52

1.50

1.48

1.46

1.44

1.42

1.40

1.38

1.36

1.34

1.32

1.30

1.28

1.26

1.24

1.22

1.20

1.18

1.16

1.14

1.12

1.10

1.08

1.06

1.04

1.02

1.00

0.98

0.96

0.94

0.92

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Sterling

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D-Mark

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Euro currency interest rates

Dec 12

Short term

Three months

Six months

One year

Two years

Three years

Four years

Five years

Ten years

Twenty years

Thirty years

Forty years

Fifty years

Sixty years

Seventy years

Eighty years

Ninety years

One hundred years

One hundred and one years

One hundred and two years

One hundred and three years

One hundred and four years

One hundred and five years

One hundred and six years

One hundred and seven years

One hundred and eight years

One hundred and nine years

One hundred and ten years

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One hundred and twenty years

One hundred and twenty one years

One hundred and twenty two years

One hundred and twenty three years

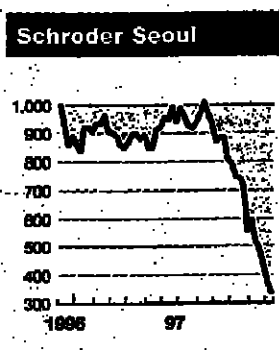
One hundred and twenty four years

UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

CF Shaw Utilities	1,401
Royal London European Growth	1,357
Fleming Select UK Income	1,349
Old Mutual Select Equities	1,347
Boston Capital Growth	1,346

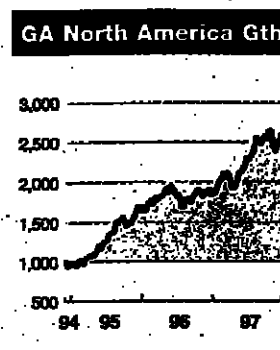


BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	317
Save & Prosper Korea	322
Save & Prosper Gold & Exp	325
Schroder Seoul	333
Waverley Australasian Gold	382

TOP FIVE OVER 3 YEARS

GA North America Growth	2,593
Hill Samuel US Smaller Cos	2,401
Framlington Health	2,293
Royal & SunAll Nth America	2,289
Johnson Fry Slater Growth	2,288

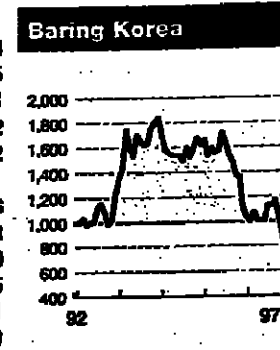


BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	167
Schroder Seoul	214
Baring Korea	226
Old Mutual Thailand Acc	231
Waverley Australasian Gold	378

TOP FIVE OVER 5 YEARS

Old Mutual European	3,434
GA North America Growth	3,325
Hill Samuel UK Emerging Cos	3,171
Jupiter European	3,102
Jupiter Income	3,082

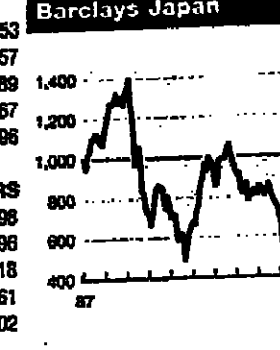


BOTTOM FIVE OVER 5 YEARS

Save & Prosper Korea	163
Baring Korea	430
Old Mutual Thailand Acc	515
Henderson Japan Smaller Cos	581
Save & Prosper Japan Small Cos	620

TOP FIVE OVER 10 YEARS

F&C US Small Companies	12,053
Hill Samuel US Smaller Cos	10,457
HSBC Hong Kong Growth	9,189
Proflite Technology	8,167
Henderson American Small	7,996



BOTTOM FIVE OVER 10 YEARS

Waverley Australasian Gold	398
Barclays Japan Inc	496
Save & Prosper Gold & Exp	518
Henderson Japan Smaller Cos	561
M&G Japan Acc	602

Source: REUTERS (Tel: 01625 511311)

Indices	1 year (%)	3	5	10	Volatility	Yield (%)
Average Unit Trust	10.48	13.81	17.73	21.51	3.5	2.5
Average Investment Trust	11.19	13.71	17.18	21.16	4.6	5.0
Bank	10.98	11.14	11.98	18.09	0.0	5.5
Building Society	10.84	11.11	12.22	18.09	0.0	5.2
Stockmarket FTSE All-Share	12.53	17.95	21.88	26.05	2.8	3.2
Inflation	10.96	10.89	11.42	15.45	0.3	-

UK Growth	1 year (%)	3	5	10	Volatility	Yield (%)
Johnson Fry Slater Growth	12.27	22.88	25.40	-	3.0	0.8
Jupiter UK Growth	11.13	19.68	28.78	-	2.4	2.2
Mercury Recovery	11.47	19.49	23.02	28.30	3.0	1.6
OM Hartley Growth	11.89	18.97	25.42	29.05	2.4	0.6
Perpetual UK Exempt	12.23	18.89	29.11	-	2.8	2.3
SECTOR AVERAGE	11.40	16.04	20.22	30.17	2.7	1.8

UK Growth & Income	1 year (%)	3	5	10	Volatility	Yield (%)
Fleming Select UK Income	13.32	19.00	24.33	34.69	2.5	3.0
Perpetual Income	12.17	17.98	25.94	35.78	2.8	2.8
Britannia UK General Inc	11.88	17.95	19.82	29.40	2.8	2.8
HSBC Income Fund	12.62	17.95	-	-	3.0	2.1
Lazard UK Income & Growth	11.91	17.58	20.80	34.18	2.8	3.1
SECTOR AVERAGE	11.72	15.90	19.42	31.52	2.8	2.5

UK Smaller Companies	1 year (%)	3	5	10	Volatility	Yield (%)
Gartmore UK Smaller Companies	11.18	20.73	30.75	31.08	3.3	0.4
Laurence Keen Smaller Cos	10.85	19.00	-	-	3.0	1.5
AES Smaller Companies	10.67	18.50	24.65	-	2.9	1.1
Britannia Smaller Co's Acc	11.33	17.83	29.03	35.64	2.9	0.4
Schroder Smaller Companies Inc	10.63	17.69	24.90	29.81	2.9	0.7
SECTOR AVERAGE	10.25	14.11	21.42	24.34	2.9	1.6

UK Equity Income	1 year (%)	3	5	10	Volatility	Yield (%)
Jupiter Income	11.81	20.24	30.82	51.28	2.2	4.0
Lazard UK Income	11.96	18.11	23.14	40.97	2.4	4.1
BWD UK Equity Income	12.25	17.56	25.04	32.56	2.3	3.4
Britannia High Yield Inc	11.80	17.44	23.08	38.47	2.4	3.6
Metropolitan UK Income	12.18	17.30	21.11	40.75	2.8	4.0
SECTOR AVERAGE	11.70	15.80	20.28	31.26	2.4	4.3

UK Equity & Bond Income	1 year (%)	3	5	10	Volatility	Yield (%)
HSBC High Income	11.96	18.44	-	-	2.0	5.7
Johnson High Distribution	11.99	18.11	23.14	24.89	2.4	3.7
Proflite Extra Income	11.29	16.02	20.13	29.82	2.4	4.1
CIS UK Income	12.17	15.75	19.57	-	2.4	3.7
Abbey National Extra Income	11.77	15.48	22.82	35.71	2.0	4.8
SECTOR AVERAGE	11.34	14.26	18.39	25.98	2.1	5.2

UK Fixed Interest	1 year (%)	3	5	10	Volatility	Yield (%)
BWD Balanced Portfolio	11.71	16.14	24.33	-	3.1	1.3
Perpetual High Income	12.18	17.14	24.59	-	2.3	3.0
Credit Suisse High Income Port	11.64	16.31	21.94	-	2.4	4.1
Capital Income Dis	11.71	16.00	20.00	28.33	2.1	3.2
NPI UK Extra Income Inc	10.86	15.46	20.55	-	2.2	3.1
SECTOR AVERAGE	11.38	15.52	20.47	28.29	2.2	2.9

UK Gilt	1 year (%)	3	5	10	Volatility	Yield (%)
M&G Gilt & Fixed Interest	11.39	13.66	15.32	20.65	1.8	6.0
Gartmore PS Fixed Interest	11.17	13.31	14.68	-	1.8	6.8
Murray Acumen Reserve	11.07	13.24	14.63	-	1.5	6.3
Mercury Long-Dated Bond	11.94	13.20	-	-	2.2	6.1
Gartmore PS Index Linked Gilt	11.06	13.00	14.67	-	1.4	2.5
SECTOR AVERAGE	10.89	12.37	13.50	18.89	1.4	5.7

International Equity Income	1 year (%)	3	5	10	Volatility	Yield (%)
GT International Income Inc	12.04	16.42	19.88	37.89	2.8	2.0
Martin Currie Int'l Income	11.38	15.18	18.89	-	2.7	4.2
Mayflower Global Income	11.50	14.67	19.07	27.50	2.3	2.7
M&G International Income	11.19	14.47	18.97	34.07	2.7	4.2
Barclays International Income	11.23	14.27	17.33	24.49	3.0	1.5
SECTOR AVERAGE	11.11	14.54	18.17	28.57	2.8	2.5

International Fixed Interest	1 year (%)	3	5	10	Volatility	Yield (%)
Baring Global Bond	10.23	13.22	14.83	-	1.5	4.8
City Financial Beckman Int'l	10.14	12.53	12.53	19.66	2.8	6.1
Newton International Bond	10.17	12.52	13.40	-	2.0	4.9
Barclays BGI Int'l Fx Inc	10.14	12.31	-	-	1.0	5.2
AES Int'l Bond & Convertible	10.42	12.19	13.42	-	1.3	6.1
SECTOR AVERAGE	9.73	11.18	11.88	18.05	1.8	5.1

International Equity & Bond	1 year (%)	3	5	10	Volatility	Yield (%)
Fleming General Opportunities	11.57	15.19	17.71	-	2.0	3.4
Cepel-Cure Halmstad Growth	11.55	15.08	17.44	28.45	2.7	1.7
Bank of Ireland Ex Mgd Growth	10.88	14.84	18.14	-	2.3	2.4
Baillie Gifford Managed	11.13	14.73	17.94	33.61	2.7	2.4
Maris & Spencer Inv Port Acc	11.31	14.58	17.88	-	2.3	2.2
SECTOR AVERAGE	10.77	13.60	16.23	26.09	2.4	2.4

Nth America	1 year (%)	3	5	10	Volatility	Yield (%)
GA North America Growth	12.72	25.93	33.25	78.14	4.6	0.0
Hill Samuel US Smaller Co's	11.07	24.01	27.18	104.67	5.3	-
Royal & SunAll Nth America	12.84	22.89	28.57	60.10	4.0	0.3
Dresdner RCM America Sm Cos	11.80	22.76	22.84	49.87	4.8	-
Henderson American Small Cos	11.75	22.70	25.89	79.96	5.2	-
SECTOR AVERAGE	11.76	18.78	20.79	51.46	4.4	0.5

Europe	1 year (%)	3	5	10	Volatility	Yield (%)
Jupiter European	11.41	21.15	31.02	57.51	3.4	0.5
INVECO European Growth	11.92	20.01	30.64	47.23	4.2	-
Threadneedle Euro Sel Gt Acc R	12.12	19.83	28.82	40.48	4.4	0.1
Stirling Europe Select	11.00	19.48	29.18	40.94	3.8	0.8
TU European	12.48	19.14	-	-	2.8	1.0
SECTOR AVERAGE	11.61	19.86	22.29	40.80	3.6	0.7

Japan	1 year (%)	3	5	10	Volatility	Yield (%)
GT Japan Growth	8.90	9.37	13.43	15.52	3.7	-
Martin Currie Japan	8.34	8.52	12.76	-	5.8	-
Murray Japan Growth	8.11	8.51	11.54	-	4.9	-
Baillie Gifford Japanese	9.08	8.39	10.99	13.96	5.6	-
Newton Japan	8.83	8.38	11.96	12.35	5.4	-
SECTOR AVERAGE	7.19	6.19	8.98	10.02	5.7	0.5

Far East inc Japan	1 year (%)	3	5	10	Volatility	Yield (%)
AIS Govett Greater China	8.21	10.87	19.83	40.78	6.8	-
Dresdner RCM Oriental Inc Inc	8.84	9.46	12.46	24.94	5.0	4.5
Friends Prov Pacific Basin	7.63	8.57	13.43	17.38	5.3	0.2
Schroder Far East Growth Inc	7.60	8.53	14.83	-	5.8	-
Royal & SunAll Far East	7.28	8.44	12.83	13.11	5.9	-
SECTOR AVERAGE	7.14	7.50	11.86	21.30	5.6	1.1

Far East exc Japan	1 year (%)	3	5	10	Volatility	Yield (%)
HSBC Hong Kong Growth	8.97	17.32	26.47	91.89	8.6	0.4
INVECO Hong Kong & China	9.80	14.87	20.81	71.45	8.1	0.6
Old Mutual Hong Kong	7.94	12.98	19.00	67.50	8.5	1.3
Friends Prov Australian	9.45	12.50	17.96	44.39	4.8	-
Gartmore Hong Kong	7.38	11.42	16.71	65.08	8.3	1.5
SECTOR AVERAGE	6.55	7.77	12.58	40.39	7.1	1.2

Best Peps	1 year (%)	3	5	10	Volatility	Yield (%)
Johnson Fry Slater Growth	12.27	22.88	25.40	-	3.0	0.8
Save & Prosper Financial Secs	12.81	21.88	28.78	-	3.3	1.4
Jupiter European	11.41	21.15	31.02	-	3.4	0.5
Gartmore UK Smaller Companies	11.18	20.73	30.75	-	3.3	0.4
Jupiter Income	11.81	20.24	30.82	-	2.2	4.0
AVERAGE UT PEP	11.24	15.24	22.20	-	2.7	2.8

Property	1 year (%)	3	5	10	Volatility	Yield (%)
Aberdeen Property Share	11.97	15.19	25.04	-	2.8	1.2
Norwich Property	10.85	12.02	18.94	-	1.0	4.7
Barclays Property	10.61	11.84	13.27	-	1.0	5.8
SECTOR AVERAGE	11.03	12.95	18.08	-	1.6	4.1

Commodity & Energy	1 year (%)	3	5	10	Volatility	Yield (%)
M&G Australasian Acc	8.25	11.74	18.86	24.21	5.4	2.2
M&G Commodity	6.94	8.87	13.33	17.57	5.6	1.4
Save & Prosper Commodity	7.93	8.44	13.42	18.83	6.2	-
Hill Samuel Natural Resources	6.78	7.34	11.04	15.48	5.4	1.0
TBS Natural Resources	6.01	7.14	14.48	21.85	6.2	0.3
SECTOR AVERAGE	5.82	6.74	13.74	19.96	7.0	1.1

Investment Trust Units	1 year (%)	3	5	10	Volatility	Yield (%)
Quilter High Inc Inv Trst Acc	11.28	14.27	23.07	-	2.5	3.5
Quilter Investment Trusts Inc	10.04	13.71	21.82	-	3.1	0.4
M&G Fund of Investment Trusts	10.20	13.06	18.94	33.77	3.1	1.8
Equitable Trust of Invest Trsts	10.36	13.04	18.92	37.54	2.7	1.6
Exeter Fund of Investment Trsts	10.50	12.93	21.29	35.41	2.8	0.5
SECTOR AVERAGE	10.58	12.64	19.17	31.27	2.8	2.1

■ Global Emerging Mkts						
Mercury Emerging Markets	1014	1049	-	-	6.3	0.2
Stewart Ivory Emerging Market	977	966	1880	-	5.6	0.5
Portfolio Emerging Markets	923	873	-	-	4.9	0.3
Save & Prosper Emerging Mkts	901	836	-	-	6.6	0.5
City of London Emerging Mkts	884	819	1716	2607	5.5	-

Authorised Investment Funds

FT Cytel Unit Trust Prices are available over the telephone. Call the FT Cytel Help Desk on (444 177) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

AUTHORISED INVESTMENT FUNDS -

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(Open-ended investment companies)

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OFEX FACILITY

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The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk investments. Private investors must deal through a stockbroker which is regulated by the Securities and Futures Authority.

Company	Price	Volume	Company	Price	Volume	Company	Price	Volume
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000

Prices as at 04:00 pm 12 December 1997

Other classes of shares available

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EASDAQ

EASDAQ is a fully regulated independent pan-European stock market focused on high growth companies with innovative solutions. The shares of companies on the EASDAQ stock market can be bought and sold through EASDAQ members.

Company Price | Volume | Company | Price | Volume | Company | Price | Volume || Admiral Group PLC | 0.75 | 1000 | Admiral Group PLC | 0.75 | 1000 | Admiral Group PLC | 0.75 | 1000 |
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000
Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000	Admiral Group PLC	0.75	1000

Prices as at 04:00 pm 12 December 1997

Other classes of shares available

For more information, please contact J.P. Jenkin Limited, a share company.

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Guide to pricing of Authorised Investment Funds

Compiled with the assistance of AJFIS

All funds within this section, whether OEICs or unit trusts, are authorised by the Financial Services Authority

OEIC: Open-Ended Investment Company

Unit Trust: A unit trust is a company which is authorised by the Financial Services Authority to raise and invest money on behalf of its investors.

Share Classes: Some OEICs and unit trusts have more than one class of shares. These are known as share classes. The price of each share class is determined by the value of the assets in the fund divided by the number of shares in issue.

Initial charge: The initial charge is the fee payable by the investor when they first invest in the fund. It is usually expressed as a percentage of the net asset value of the investment.

Trail commission: Trail commission is a fee payable by the fund manager to the distributor for each sale of a fund. It is usually expressed as a percentage of the net asset value of the investment.

Forward pricing: Forward pricing is a pricing method where the price of the fund is calculated at the end of the day, based on the net asset value of the fund at that time.

Backward pricing: Backward pricing is a pricing method where the price of the fund is calculated at the beginning of the day, based on the net asset value of the fund at that time.

Net Asset Value (NAV): The Net Asset Value (NAV) is the value of the assets in the fund divided by the number of shares in issue. It is usually expressed in pence.

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FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

MANAGEMENT SERVICES

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

Bank of America & Co. AG			Frontier 1 Ltd			Hansen Stanley Shaw - Debt			ACM Offshore Funds - Debt			Credit Suisse Asset Mgmt Funds - Debt			Merrill Lynch Asset Management - Debt			TICM Luxembourg Funds			Friends Provident International		
Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price	Fund Name	ISIN	Price
Bank of America & Co. AG	0000000000	1.00	Frontier 1 Ltd	0000000000	1.00	Hansen Stanley Shaw - Debt	0000000000	1.00	ACM Offshore Funds - Debt	0000000000	1.00	Credit Suisse Asset Mgmt Funds - Debt	0000000000	1.00	Merrill Lynch Asset Management - Debt	0000000000	1.00	TICM Luxembourg Funds	0000000000	1.00	Friends Provident International	0000000000	1.00

OFFSHORE INSURANCES

American International Ltd			British American Insurance Co Ltd			Lloyds of London			Munich Re			Swire		
Policy	ISIN	Price	Policy	ISIN	Price	Policy	ISIN	Price	Policy	ISIN	Price	Policy	ISIN	Price
American International Ltd	0000000000	1.00	British American Insurance Co Ltd	0000000000	1.00	Lloyds of London	0000000000	1.00	Munich Re	0000000000	1.00	Swire	0000000000	1.00

LUXEMBOURG (REGULATED)

ACM Offshore Funds		
Fund Name	ISIN	Price
ACM Offshore Funds	0000000000	1.00

Offshore Insurances and Other Funds

Offshore Insurances and Other Funds

Offshore Insurances and Other Funds

The Business of Travel

For further information

For further information

please contact:

Tina-Louise Collins

Tel: +44 171 973 4695

Fax: +1 415 435 0000

or your usual Financial Times representative

1 Surveys

Capital Management **Kentner Management Limited**

Own International Tax

Category	Value	Value	Value
Category 1	1000000	1000000	1000000
Category 2	1000000	1000000	1000000
Category 3	1000000	1000000	1000000
Category 4	1000000	1000000	1000000

Key Hedge Nov 30	9227.85	
Key Global Hedge Nov 30	9348.85	
Key Auto Hedge Nov 30	9327.77	

and Fo Lst Nov 30..	\$95.99	==	Nov Longwood Nov 30..	\$139.67	==
Performance Ltd.	\$104.21	==	KI Asia Pacific Fund Ltd		
Global Asset Management Ltd			IA Asia Pacific.....	\$13.75	13.00

Nov 27	\$127.0014	Nov 30	\$171.52
Nov 27	\$140.5540		
Asset Management (Balance) Ltd			

[illegible]

3-Spinner Renaissance Fund Ltd	824.745	Korea Intl Investment Fund	882.81
10 Shares Nov 30		1000 Shares Dec 8	

Austin Airbridge	\$108.55		-	NW Dec 8	\$19.32	
Korea International	12.25	13.89	-	Korea International Investment Fund Ltd (N		
Austin Photo	\$76.12	16.13	-	NW Dec 8	\$44.00	

NAV Dec 11	DA1119.51	---	NAV Dec 8	---	\$36.43	---
NAV Dec 11	\$36.75	---	NAV Dec 8	---	---	---
Schlacher Asset Management GmbH						
Korea International Investment Fund Ltd (K)						
NAV Dec 8	---	---	NAV Dec 8	---	---	---

Korea International Investment Fund Ltd	(K)
Korean International Investment Fund Ltd	(K)
MAY Den. S.	598.59
Navy Den. S.	---
Pack Fats Den. S.	\$1975
Sales Inc. Den. S.	---
Texas Highways Inv. Caracas	---

Asset Management Limited
Caribe 3F19.40
Investment Fund Ltd
Korea International Investment Fund Ltd (V
MAR Nov 24 353.54
Korea Investment Trust Co Ltd

Saudi Aramco	\$104.33	-	-	Southwest Trust Fund	\$71.86	+0.92
Envy New 30	\$98.62	-	-	Korea East Trust Fnd	\$71.28	-0.87
Financial Management (Egypt) Ltd		-	-	Korea East Trust Fnd	\$2.86	-0.18
				Korea Pacific Trust Fnd	\$5.38	+0.04
				Cashier Japan Trust	\$2.72	+0.22

Capitol Management Ltd Cap Fund Dec 5. \$499.54 Cap Fund II Dec 5. 892.0	Chase Asset Special Funds Inc NAV Nov 28. \$10.67 Liberal BAS Funds
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[illegible]

Power Bank & Trust Company	Jan 1st Closing Ltd 1997	82.73
Overseas Ltd	Investment Growth	\$17.41
Development Finance Ltd	RH Money Market	85.71

[illegible][illegible]

Dec 11	93.45	1.85	-1.94	-	Lloyds Fund Management Services SA	
Dec 11	54.11	4.35	-0.24	-	LBGI Hedge	SF17D18
Dec 11	513.12	13.85	-0.81	-		

11	52.78	2.95	-0.17	LECOX CORP.	3478800	
1	52.85	4.57	-0.22	LEIGH DEMPSEY S.M.I.	5714115	
Chubb Indec 77	59.43	9.98	-2.39	Meising Performance	\$1024.1131.0	
Chubb Indec 11	55.15	6.50	-0.28	Lease Bank International (Rebased)		

Dec 11	\$11.00	11.02	-0.06	-	Lowes Annual Portfolio	
Dec 11	\$10.80	10.81	-	-	Balance Moderate Fok. \$13.54	13.04
Investment AG					Unit Trust Managers Limited	

	\$61.33	-	MSP International Corp.	\$9.72	0.77	-
		-	MSP Pacific Wpt.	\$73.85	14.59	-
		-	MSP Universal Carriers	\$7.80	7.99	-
		-	NAC Montenegro	\$4.66	4.98	-

SEC Portfolio	\$8.36	6.72	—
MF Pacific Enterprise	\$15.25	16.02	—
MF Thailand	63.67	3.81	—

Paid	NW Dec 10	SFadLrs	-
D _____ \$10,000 10.6%	Fully Diluted NW Due TO	SF88.00	-
PA _____ HF328.86 29.27%	MCT Eastern Europe Ltd		-
PA _____ -0.530			-

Mar 92	107.10	108.00	-0.90	-	Mar 92	114.00	115.00	-1.00	-
Apr 92	107.10	108.00	-0.90	-	Apr 92	114.00	115.00	-1.00	-
May 92	107.10	108.00	-0.90	-	May 92	114.00	115.00	-1.00	-
Jun 92	107.10	108.00	-0.90	-	Jun 92	114.00	115.00	-1.00	-
Jul 92	107.10	108.00	-0.90	-	Jul 92	114.00	115.00	-1.00	-
Aug 92	107.10	108.00	-0.90	-	Aug 92	114.00	115.00	-1.00	-
Sep 92	107.10	108.00	-0.90	-	Sep 92	114.00	115.00	-1.00	-
Oct 92	107.10	108.00	-0.90	-	Oct 92	114.00	115.00	-1.00	-
Nov 92	107.10	108.00	-0.90	-	Nov 92	114.00	115.00	-1.00	-
Dec 92	107.10	108.00	-0.90	-	Dec 92	114.00	115.00	-1.00	-
Jan 93	107.10	108.00	-0.90	-	Jan 93	114.00	115.00	-1.00	-
Feb 93	107.10	108.00	-0.90	-	Feb 93	114.00	115.00	-1.00	-
Mar 93	107.10	108.00	-0.90	-	Mar 93	114.00	115.00	-1.00	-
Apr 93	107.10	108.00	-0.90	-	Apr 93	114.00	115.00	-1.00	-
May 93	107.10	108.00	-0.90	-	May 93	114.00	115.00	-1.00	-
Jun 93	107.10	108.00	-0.90	-	Jun 93	114.00	115.00	-1.00	-
Jul 93	107.10	108.00	-0.90	-	Jul 93	114.00	115.00	-1.00	-
Aug 93	107.10	108.00	-0.90	-	Aug 93	114.00	115.00	-1.00	-
Sep 93	107.10	108.00	-0.90	-	Sep 93	114.00	115.00	-1.00	-
Oct 93	107.10	108.00	-0.90	-	Oct 93	114.00	115.00	-1.00	-
Nov 93	107.10	108.00	-0.90	-	Nov 93	114.00	115.00	-1.00	-
Dec 93	107.10	108.00	-0.90	-	Dec 93	114.00	115.00	-1.00	-
Jan 94	107.10	108.00	-0.90	-	Jan 94	114.00	115.00	-1.00	-
Feb 94	107.10	108.00	-0.90	-	Feb 94	114.00	115.00	-1.00	-
Mar 94	107.10	108.00	-0.90	-	Mar 94	114.00	115.00	-1.00	-
Apr 94	107.10	108.00	-0.90	-	Apr 94	114.00	115.00	-1.00	-
May 94	107.10	108.00	-0.90	-	May 94	114.00	115.00	-1.00	-
Jun 94	107.10	108.00	-0.90	-	Jun 94	114.00	115.00	-1.00	-
Jul 94	107.10	108.00	-0.90	-	Jul 94	114.00	115.00	-1.00	-
Aug 94	107.10	108.00	-0.90	-	Aug 94	114.00	115.00	-1.00	-
Sep 94	107.10	108.00	-0.90	-	Sep 94	114.00	115.00	-1.00	-
Oct 94	107.10	108.00	-0.90	-	Oct 94	114.00	115.00	-1.00	-
Nov 94	107.10	108.00	-0.90	-	Nov 94	114.00	115.00	-1.00	-
Dec 94	107.10	108.00	-0.90	-	Dec 94	114.00	115.00	-1.00	-
Jan 95	107.10	108.00	-0.90	-	Jan 95	114.00	115.00	-1.00	-
Feb 95	107.10	108.00	-0.90	-	Feb 95	114.00	115.00	-1.00	-
Mar 95	107.10	108.00	-0.90	-	Mar 95	114.00	115.00	-1.00	-
Apr 95	107.10	108.00	-0.90	-	Apr 95	114.00	115.00	-1.00	-
May 95	107.10								

Period	Value	Change	Index
Nov 10	\$9.30	-0.13	
Fid Dec 10	\$12.44	-0.48	
Dec 10	\$7.22	-0.15	
Nov 10	\$7.22	-0.15	

Index	Value
MFS Morningstar Funds	
Charter Income	\$10.38
Emerging Markets Debt	\$10.37

Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
Year	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979																																																																																																																									

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		MPPC Overseas Limited	
-	MPPC LTD & B Pisto	\$12.43	
-	MPPC LTD & B Sino Bank	\$18.75	

44-150

SECRET

Offshore Insurances and Other Funds

COMPANIES AND FINANCE

Catalogue giant forges alliance with retailers to try to change shopping and bring 'high street to the home'

Littlewoods pays £15m to tie up with Burtons

By Andrew Edgecliffe-Johnson

Littlewoods, the UK catalogue and football pools group, yesterday forged an alliance with Burton, the clothes retailer behind chains such as Dorothy Perkins, Top Shop and Primark, a month after being told it could not buy its mail order rival Freemans for

£370m (\$611m).

The UK's biggest private company is paying £15m for a 35 per cent stake in a joint venture which will give Burton the scale it lacked in home shopping and provide Littlewoods with high street brands for its catalogues.

Analysts said the move would put pressure on Great Universal Stores, another leading mail order catalogue

group, to respond with similar tie-ups. Burton has signed an exclusive 10-year agreement with Littlewoods, which is pursuing other retailers for similar deals.

James Ross, chairman of Littlewoods, said: "There is going to be a much greater convergence of high street and home shopping. This is about bringing the high street to home."

He added that Littlewoods was considering several strategic moves, including a bid to run the UK National Lottery when Camelot's licence runs out in 2001.

Littlewoods had received approaches from potential partners for such a move, Mr Ross said, but stressed it had no plan to give up its pools business.

The group is also examin-

ing the potential for using digital television to expand its home shopping division.

Burton signalled its interest in home shopping a year ago when it bought innovations, a gadgets catalogue, for £45m. Last week it sold it to GUS for £20m, but kept its customer information and the Hawkehead clothing brand, which sends out 7.6m catalogues a year.

Starting from next autumn, the joint venture will produce individual catalogues for each of Burton's high street chains, which will be then be under the new group name of Arcadia.

With Hawkehead and Racing Green, Burton's other home shopping brand.

"This gives us access to Littlewoods' database of 3.2m known home shoppers

to add to our databases of 2.7m active storecard accounts and 500,000 active home shopping accounts," Burton said.

Although it had started trials of catalogues for chains such as Evans, Burton lacked the stock and fulfilment capacity that Littlewoods could provide, Tony Shiret, a retail analyst with BZW, said.

Shell vows to lift return on capital

By Robert Corzine

Royal Dutch/Shell, the world's largest international oil company, yesterday promised to improve its return on average capital employed (Roace) - the main measure by which oil companies compare their performance.

The Anglo-Dutch company has lagged its competitors in recent years in spite of a restructuring and a stronger focus on performance. The problem stems partly from low returns on the cash pile - \$6.7bn at the end of September - which Shell has accumulated in recent years.

However, in a meeting with industry analysts yesterday, Shell said various investments and transactions would bring cash balances down to less than \$5bn this year and that it would stay at roughly that level until 2000, when the group's cash balances would begin to grow to more than \$10bn by 2002.

Shell's current Roace target for the group is 12 per cent - well down on the 15 per cent average of the big US integrated oil companies and on the 17 per cent recorded in the first three quarters of the year by British Petroleum.

Shell's "new millennium" profitability targets called for group-wide Roace to rise to 15 per cent, although some business segments were expected to be above that figure.

Return on capital in the exploration and production sector - which will be the focus of the group's capital expenditure in the next few years - should reach 17 per cent. The target for chemicals and for refining and marketing is 15 per cent, while cash and corporate are expected to earn 5 per cent.

In the early part of the next decade Shell expects to be earning \$2bn from chemicals, \$6bn from refining and marketing and \$8.7bn from exploration and production. It said net income would total \$14.3bn.

ICI sells South African explosives stake

By Roger Taylor

Imperial Chemical Industries has sold its 51 per cent interest in AECI Explosives for \$117m (£70.9m) to AECI, its partner in the South African joint venture.

The deal is the latest in a string of disposals by the UK group designed to repay debt following the \$4.9bn acquisition this year of Unilever's specialty chemicals division. To date it has agreed \$3.3bn of sales, including its titanium dioxide, polyester and fertiliser businesses and the public offering of its majority stake in ICI Australia.

AECI Explosives has operations in Ghana and Zambia as well as South Africa. It had sales in 1996 of \$221m and trading profit of \$22m.

ICI said the disposal would have a "broadly neutral" impact on earnings and would be completed next year. Analysts said the company had got a good price for the business - as it had for its other recent disposals.

ICI's shares edged up 1/4p at 933 1/2p. Merrill Lynch, the stockbroker, has upgraded its recommendation from "neutral" to "accumulate".

part of its worldwide explosives business with the sale of ICI Australia.

Following the South African sale, it will be left with just the American operations and a small European business.

The US explosives division has been one of the worst performing elements of ICI recently. However, it returned to profitability in the third quarter this year.

In a separate announcement yesterday, ICI Australia said it was changing its name to Orica and would adopt a new logo.

After selling its 62.4 per cent holding in ICI Australia for \$42.8bn (£29.2m), ICI gave the company permission to continue using the ICI name and logo for only a further 12 months.

The Australian company said yesterday that in addition to redesigning its corporate identity, it had conducted a "comprehensive review of its operations since the ICI disposal, and had decided to focus on four areas - mining, agriculture, consumer products and chemicals.

It confirmed that next year it would complete the disposal of its pharmaceuticals business to Zeneca, the UK

drugs company demerged from ICI in 1993. ICI Australia has handled the distribution for Zeneca products in Australasia. Analysts expect the business to fetch about \$400m.

Philip Wleickhardt, managing director, said: "Our strategy is clear and logical. We will invest and pursue profitable growth in areas where we have the strongest competitive advantage."

The company also said that the Asian crisis was not expected to have too heavy an impact on the business as only 5 per cent of its revenues came from the region.

IMC to buy salt producer in \$1.4bn deal

By Nikki Tait in Chicago

IMC Global, the Chicago-based group which is one of the world's largest phosphate and potash mining companies, is buying privately-owned Harris Chemical Group in a \$1.4bn (£840m) deal.

IMC, which has made a series of acquisitions recently, said the purpose of the deal would be to give it a third core business with solid cash flows. It already has some salt interests in North America, but these are much smaller than the Harris business.

IMC will pay \$450m for Harris' equity, but it will also take on about \$60m of debt as part of the deal. Harris has been built up over the past decade by George Harris, a chemical engineer who was previously president of SCM and Rhône-Poulenc US, with the backing of a buy-out group.

Harris' annual sales are some \$600m, and its North American facilities have a production capacity of more than 1m tonnes. It also takes in Salt Union, the British salt business, which produces about 2.2m tonnes of rock salt and 770,000 tonnes of white salt each year.

In addition, Harris owns a significant soda ash and boron chemicals business, and its Penrice Soda Products affiliate in Australia will be included in the deal. In total, Harris has soda ash capacity of 2.8m tonnes.

However, while Harris has been profitable at the operational level, its highly lever-

aged balance sheet has meant that it has made a net loss in recent years. Yesterday, Mr Harris said his company had been constrained by its financial structure and, when approached, concluded a sale would be in the best interests of the group.

IMC, which has made a series of acquisitions recently, said the purpose of the deal would be to give it a third core business with solid cash flows. It already has some salt interests in North America, but these are much smaller than the Harris business.

The buyer conceded the acquisition would not be immediately accretive to earnings, but said it saw scope for refinancing the debt, achieving operational synergies, and squeezing annualised cost-savings of about \$50m by 2000. It said that Harris should become earnings enhancing by late 1998, and add some 30-35 cents a share in 1999. By 2000, the figure should be 45-50 cents.

The Chicago company declined to say definitively whether it would keep all parts of the Harris business, but added it viewed all of them as "very attractive" at present. Harris' specialty chemicals arm and its US Silica Company unit are not included in the transaction.

IMC's shares fell \$2 to \$30 1/2 yesterday.

Vodafone moves to take control of Libertel

By Alan Cane

Vodafone, the UK's largest mobile phone operator, moved yesterday to strengthen its international strategy with an offer to take a controlling interest in Libertel, the Dutch group which controls Libertel, the GSM phone operator, and Libertone, its associated service provider.

Vodafone already holds 35 per cent of the company, which broke even this year. It said it had made an offer to ING Bank Corporate Investments and to three minority shareholders, Venex International, Internatio-Mueller and Macintosh Retail Group, to buy a fur-

ther 26.5 per cent of the company for about £185m (£282m).

If the deal goes through, Vodafone will have 61.5 per cent of the company, with ING Bank holding the remaining 38.5 per cent. The minority shareholders expect to make substantial book profits on their holdings.

Vodafone said it expects discussions on the offer to be completed in January. There are no indications, so far, of ING Bank's plans for its remaining stake.

Vodafone and Airtouch of the US are the principal mobile phone operators building significant international operations. Further

investment in Libertel is in line with Vodafone's declared strategy which is to develop existing overseas assets where opportunities present themselves. It believes the majority of the better mobile licences have now been awarded.

Christopher Gent, Vodafone chief executive, said earlier this month that penetration rates remained low in Germany, France and the Netherlands and that the potential for increase in revenues was "immense". KPN, the dominant carrier, and Libertel are the only licensed operators in the Netherlands, although the government has said further licences will be on offer.

Anite talks on networking sale

By Christopher Price

Shares in Anite Group jumped 14 per cent yesterday after the UK computer systems group said it was in talks to sell its networking business.

Anite, formerly Cray Electronics, made the announcement after its share price rose from 40p to 44p in the past two days. Yesterday the shares closed a further 6p higher at 50p. The group said it hoped to give further details when it announces interim results on Tuesday.

The network division made trading profits of £1m on sales of £34.1m - more than half of continuing group sales - in the year to April 30. A large proportion of the division's activities are in the provision of network support through long-term maintenance contracts.

Anite's other main business is in the supply of computer systems and software. It reported overall pre-tax losses of \$50.4m in its last financial year, including more than \$30m of charges related to surplus properties.

If the sale proceeds, it will be the first significant move by John Hawkins, who joined as chief executive last month. He was formerly chief executive of Graseby, the international electronics group. He replaced Jon Richards, who resigned in March.

Kingfisher to name finance director

By Peggy Hollinger

Kingfisher, the UK retail group that owns Woolworths, Comet, Superdrug and B&Q, is understood to be planning to announce the appointment of a new finance director in March next year.

The group has prepared a shortlist of about five candidates to replace Anthony Percival, who is due to retire in the spring.

Kingfisher has been looking for a finance director since it moved Roger Holmes, the former B&Q executive, to become deputy managing director of Woolworths.

Mr Holmes had been named as Mr Percival's replacement. Instead, he will now take over from Roger Jones, Woolworths' managing director, when he retires next year. It is understood that Mr Holmes is being groomed to be a potential successor to Sir Geoffrey Mulcahy, Kingfisher's chief executive.

The board is believed to have decided that Mr Holmes would need more operational experience before he could be considered seriously for the post.

Mortgage Trust seeks to expand via flexible lending

By James Mackintosh

Mortgage Trust, the UK mortgage subsidiary of First National, the Irish building society, is looking to lend £100m next year through a new direct operation.

The company expects almost all new business from its flexible "current account mortgage", which allows borrowers to pay off extra and then withdraw it again later.

The move will be backed by a £1m advertising campaign and direct mail. The company is to run its own call centre in Reigate, creating 13 jobs initially.

Frank Eve, business development director at Mortgage Trust, said it was aiming to average £400m a year of new lending over the next five years. "We don't expect to make money in the first year," he said. "But we expect a return in the first three years."

Flexible mortgages are a fast expanding part of the market. Richard Branson's Virgin Direct will begin offering its "One" flexible mortgage and bank account next year, and several other operators have similar products in the pipeline. "We see the market for flexible mortgages expand-

ing," Mr Eve said. "And we hope to take 10 per cent of it."

However, he admitted that Mortgage Trust, which currently lends almost exclusively through intermediaries, is unlikely to be noticed by the larger lenders. It is hoping for only 0.5 per cent of the total mortgage market. Net new lending in the six months to June 30 was \$32m.

First National is in the process of demutualising, and aims to list on the London and Dublin stock exchanges. Its expected value is between £300m and £350m.

Downsizing cuts losses at Trio after 'arduous' year

By Patrick Stiles

Trio Holdings, an international broker and options trader, cut its operating loss from £5.27m to £2.41m in the year to September 30.

Turnover dropped from £39.7m to £27m, reflecting "an arduous 12 months of highly pro-active rationalisation and consolidation," said David Hagan, chairman.

It terminated businesses in New York, Tokyo, and Hong Kong, either by sale or closure, producing exceptional costs of £34.0m this time, compared with £11.7m last year, when it closed its operations in Germany, Singapore and Switzerland and made a goodwill write-back of £9.8m.

This left pre-tax losses at £2.78m, against £15.3m last year. There was again no

dividend. Mr Hagan said that despite the "radical" downsizing and other pre-judicial matters, net assets at year-end were £5.01m, including £3.85m cash, and there were no borrowings, bank loans or overdrafts in the balance sheet.

Last year, net assets were £7.69m. He believed the group had managed to achieve a stable and flexible base from which to develop.

Fighting labours of Hercules

Emiko Terazono on how Allied Colloids is coping with a hostile bid

As Malcolm Hawe, business manager at Allied Colloids, prepares for a presentation of the Yorkshire-based specialty chemical maker's products, he looks up from his dispersing powders, coolant mixtures and acrylic beakers and smiles. "I'm going to get my gold watch today," he says, explaining the group's traditional reward for employees who have been with the company for 25 years.

Like many of those employed by Allied, he joined immediately after leaving school, and studied for chemistry degrees with the aid of company sponsorship. Along with David Farrar, chief executive, he qualified for the Royal Society of Chemistry at Huddersfield University in 1979.

But for Allied's employees, the £1.07bn hostile bid launched late last month by Hercules, the US chemicals group, represents a threat to the culture and cohesion which is at the heart of Allied's manufacturing success.

The group has become a leading maker of polymer coagulants, which are widely used in environmental protection, paper manufacturing and printing. "It's the people and their knowledge that count, and a massive change could affect their motivation," says Mr Hawe.

Like him, many of Allied's employees have been with the company for most of their careers. Some analysts and investors in the City are sceptical of the company's management for trying to play up Yorkshire values as a leading component of its growth from a small dye and chemicals supplier to textile companies in the Bradford area.

But its employees see a shared culture as the driving force of the company. Mr Hawe explains that close interaction between sales, manufacturing and product development has created Allied, and anything which would hurt this would hit the bottom line.

Hercules, meanwhile, says



Yorkshire grit: David Farrar and John Barnett, finance director

that its cash bid for Allied at 185p a share, is not part of an asset-stripping exercise. "We're focusing on growth," it says. If it acquires the UK company an integration team of managers from both sides will immediately be set up. "We realise the strength in the company lies in the people and we want to retain the strengths and the skills that they have."

The Delaware-based group has attacked Allied's management for eroding shareholder value, pointing out that the shares have underperformed the market by 38 per cent in the past three years. It has also criticised the UK group for its poor return on capital, which has fallen by nearly 70 per cent between 1988 and 1997.

In Allied's defence, document released last Wednesday, Mr Farrar said the benefits of cost-cutting efforts implemented over the past few years were now coming through and operating margins were improving thanks to tighter control of raw material costs and greater manufacturing efficiency.

Some analysts believe that the document revealed the case for profit improvement. "The management seems to have a very strong case," says Jeremy Chantry, at Credit Lyonnais Laing, while

NatWest Securities upgraded its profit forecast for the current year from £73m to £75m (£54.6m). Some institutions are also sympathetic. "The management has identified the problems and gone about doing a sensible job," said one large institutional investor. Allied's employees also point out that the restructuring programme implemented over the past two years was a group effort. "It was a team effort and it will go down the drain if Hercules takes over," says Mr Hawe.

Critics, however, are not without ammunition. Allied may be known for offering employee and customer satisfaction, but some analysts point out that shareholders have long been given low priority. Although sales have risen at an average of about 11 per cent annually, the group's failure to manage costs have led to a deterioration in operating margins.

Moreover, Allied has had a reputation of weak communication with the City, which, say some analysts, led to the increasing concern over its profit figures earlier this year. "There are a lot of disillusioned fund managers out there," said one

chemicals analyst.

Ultimately it will be the bid on the table that will move shareholders and determine the company's fate. Although there are varying opinions on whether 185p - which represents a forward p/e of about 18 - is fair value or not, there is a deepening view that Allied is unlikely to remain an independent company, especially in the face of a counter-bid to Hercules' offer.

And despite the spate of gang-bro headlines in the Yorkshire press of Allied's defensive stance against Hercules, the cloud of uncertainty is taking its toll on Allied's employees.

Alan Whitehead, managing director, who received his gold watch two years ago, signs as he walks over to a production line which produces waxy button-sized fabric softeners for export to Hong Kong and other parts of south-east Asia. Apart from being responsible for overseeing the group's efforts to increase manufacturing efficiency, he is also the main contact between management and the various teams on the factory floor.

"Looking at this line is very soothing, and I come here whenever I get stressed out. Which seems to be quite often recently," he says.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividends (p)	Total for year	Total last year
Arcon Int'l	6 mths to Aug 31	8.03	(0.887)	1.361	(0.0277)	0.471	nil	-
Band	6 mths to Oct 5	38.9	(68.3)	2.696	(1.44)	1.8	(0.9)	1.1
Beaufort	6 mths to Sept 30	1.84	(1.97)	0.103	(0.267)	(-)	-	0.7
Brownsey	6 mths to Nov 1	20.1	(19.5)	1.644	(1.28)	0.88	0.31	0.8
Caltex	6 mths to Sept 30	2.94	(0.779)	2.77	(2.03)	4.11	0.31	-
Donatelli Energy	Yr to June 30	0.387	(0.452)	0.0981	(0.506)	0.2	nil	-
Era	6 mths to Aug 31	34.9	(34.1)	6.071	(2.11)	4.95	1.55	7.7
Granger Trust	Yr to Sept 30	42.4	(44.5)	7.021	(6.49)	19.5	1.55	7.5
Lamson	6 mths to Sept 30	6.54	(6.77)	1.38	(0.885)	12.4	1.3	2.2
Swan (John)	6 mths to Oct 31	0.843	(0.845)	0.24	(0.325)	25	5.38	22
Trio	Yr to Sept 30	27	(39.7)	2.794	(18.34)	3.53	0.6	0.6
Western Selection	Yr to Sept 30	-	(-)	0.244	(0.265)	0.611	nil	nil
Windsor	Yr to Sept 30	11.12	(11.8)	2.331	(0.784)	5.57	0.6	0.6

Figures shown in brackets are for corresponding period. *First currency. *After exceptional charge. *After exceptional credit. *After increased capital. *After stock. *Comparatives restated. Total income. *For nine months. *US currency.

Handwritten signature or stamp in Arabic script.

Judge casts shadow on Microsoft update

By Louise Kehoe
in San Francisco

A federal judge's ruling against Microsoft has cast doubt over the launch next year of a new version of the company's Windows personal computer operating system.

Windows 98, a long-expected update to Microsoft's flagship PC operating system, is due to be launched in the second quarter of 1998.

However, the release could be delayed by the US Justice Department's anti-trust case against Microsoft. Issues raised in the judge's ruling suggest that the new software could become the focus of further litigation.

Late on Thursday, Judge Thomas Penfield Jackson ordered the company to halt temporarily its practice of requiring manufacturers that license Windows for their new PCs to include Microsoft's Internet Explorer browser. The

preliminary ruling will remain in effect pending a final court decision which is not expected for at least six months. The order applies to "any Microsoft personal computer operating system software (including Windows 95 and any successor version thereof)" and any Microsoft internet browser software, also including future versions.

Microsoft said that it was not clear how the judge's ruling might affect Windows 98, if at all. However, Justice Department officials reiterated that the ruling applied to "any successor products" - which would include Windows 98.

Windows 98 links tightly together the functions of a PC operating system and an internet browser. The new software provides a browser-style view of all the functions of a PC. Users, for example, have automatic access to information, whether it is stored on a PC hard drive or on an inter-

net web site. Separating the functions of the operating system and the browser would leave Windows 98 "brain dead", said Rick Sherlund of Goldman Sachs, a software industry analyst.

In his preliminary ruling, Judge Jackson took issue with Microsoft's claims that it has "unfettered liberty" to include any function that it might wish in future operating systems. That liberty was subject to "established anti-trust law", the judge wrote.

The ruling "puts in jeopardy Windows 98", said Jim Barksdale, chief executive of Netscape Communications, Microsoft's biggest competitor in the internet software market.

Netscape would try to regain market share lost to Microsoft over the past year, he added, saying the ruling provided a "level playing field".

See Lex; Microsoft loses first round, Page 4

RailPen moves £1bn portfolio from PDFM

By William Lewis in New York and Clay Harris in London

A leading UK pension fund has withdrawn a £1bn (£1.65bn) portfolio from PDFM, the asset manager owned by Union Bank of Switzerland. The decision by RailPen, the railway pension scheme, was made before USS announced its plan to merge with Swiss Bank Corporation.

RailPen is one of PDFM's largest clients. The decision to withdraw the balanced-mandate portfolio followed concerns about PDFM's investment performance.

The account amounts to less than a half of 1 per cent of the SFR490bn (£205bn) of institutional assets managed by the group. However, pension fund consultants think RailPen's move will fuel concerns about the likely impact of the SEC-USS merger on PDFM's investment strategy.

After a strategic switch from equities to cash, PDFM, which manages £60bn, has suffered poor investment performance in recent years. But its clients have remained loyal and have said that any change of strategy could lead to their departure. Clients have also been seeking assurances that PDFM would continue to operate as an independent fund management group.

Under the merger plan, PDFM will become part of a division run by Gary Brinson, who has headed SEC's institutional asset management business since it bought his Chicago-based Brinson Partners in 1994. Mathis Caballavets of USS, chairman-designate of the combined bank, said on Monday: "We want to be very careful about Phillips & Drew's franchise in the UK."

PDFM said last night all clients had been informed of developments. "PDFM will operate as an autonomous unit within SEC Brinson," it said. "[Gary] Brinson made it clear on Monday that he is totally supportive of PDFM's investment philosophy. We are confident that the merger will bring benefits to PDFM's clients."

Tale of two Cities, Page 6

Hard on Microsoft

Has Microsoft suffered a serious setback? Not at first sight. The court decision ordering the software giant to stop bundling its Internet browser with its dominant Windows operating system is hardly good news. It must now offer personal computer makers versions of Windows 95 both with and without its Internet Explorer. This gives Netscape, which has been losing the battle of the browsers, a chance to regain market share, lifting its shares yesterday. But in all likelihood, PC manufacturers will keep on buying the bundled Windows 95 for the sheer convenience of it and because the browser is included for free. Microsoft's stock hardly budged yesterday.

That view may be a little sanguine, however. Depending on how the judge's ruling is interpreted, Microsoft will also have to unbundle the forthcoming Windows 98. This will be tricky, since the browser software is seamlessly integrated in the new version. The launch of Windows 98 has already been pushed back from April to the summer. Having to design a new, stripped-down alternative could further delay what is widely seen as the group's most important new product since 1990.

The judge's decision also has wider implications. It weakens Microsoft's ability to set standards that tie Internet content providers to its software and therefore weakens its attempt to extend its hegemony to the web. While the wide-ranging anti-trust investigation into Microsoft has only just begun, the group has certainly lost the first round.

Home shopping

Hardly a day goes by without some announcement on home shopping - the launch of a new catalogue here, a trial on the internet there. But two pieces of recent news stand out: Marks and Spencer's plans to launch mail order catalogues for its clothing business, and the government's blocking of Littlewoods' £370m bid for Freemans.

The ripples from those two decisions were clearly visible in the twin mail order deals announced yesterday by Littlewoods and Burton Group.

For Littlewoods, the first agreement is a useful consolation prize for its agency business, caught in a flagging market. But adding an initial 24 pages of Burton brands is very much an increment rather

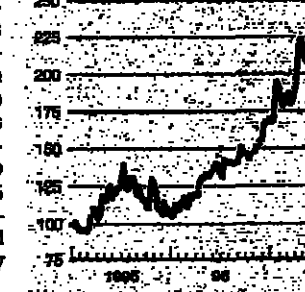
THE LEX COLUMN

FTSE Eurotop 300 index

960.1 (+4.1)

Microsoft

Share price moves in the last 12 months



Source: Investment Research

Moreover, sustaining demand for coal artificially in the short run will not address the longer term causes of its falling market share. It is more expensive, less efficient and a worse pollutant than gas and nuclear power. Only large and permanent subsidies - or restrictions on the supply of other cheaper energy sources and requirements on generators to buy only British coal - could prevent its losing ground. Either would create an absurd and disproportionate market distortion.

Labour's election manifesto promised a cleaner environment and an energy policy based on "secure, diverse and sustainable" supplies of primary fuels.

On environmental grounds, the government should welcome the erosion of coal's market share. If maintaining security of supply means keeping the industry alive indefinitely on a diet of corporate funds and government hand-outs, ministers should say so now.

BAA

Thankfully, yesterday's fire at Heathrow was dealt with in an exemplary fashion. None the less, it is at least worth investigating whether things would have gone so smoothly had the blaze occurred during peak hours. The Civil Aviation Authority may want to reassure itself that BAA's ability to guarantee the security of those using its facilities is as it should be. In particular, is it cramming too many retail outlets into the available space and, hence, detracting from its ability to fulfil its primary obligation of operating the airport?

The fire might also provide the CAA with an opportunity to encourage BAA to hasten the development of the other airports it owns and operates in the UK. The impact of yesterday's fire, which resulted in over 300 aircraft being cancelled and in enormous disruption to many passengers, highlights the pivotal role Heathrow plays in Britain's economic life. BAA's other airports in the south of the country - Gatwick, Southampton and Stansted - should be developed so that they are better substitutes for Heathrow. Breaking BAA up into its constituent airports so they can compete effectively with each other is probably unnecessarily draconian. But the regulator should take the opportunity to press its case for increased competition through other means.

UK coal

With the UK government contemplating a corporatist solution to save jobs at RJB Mining, the coal industry has an emotional pull greater than its size warrants. Although the details are currently unclear, it seems the generators are being asked to buy RJB's excess capacity. If so, they will almost certainly be expecting something in return. PowerGen's reward could be the green light for its plans for vertical integration. Another possible *quid pro quo* could be less vigilant regulation. Either would damage consumers.

Japan poised to change railway sell-off terms

By Gillian Teti and
Bethan Hutton in Tokyo

The Japanese government was yesterday poised to change the terms of the country's railway privatisation, threatening further weakening of international investor confidence in Japanese markets.

Takao Fujii, transport minister, said he was planning legislation to force seven privatised rail companies to assume ¥500bn (\$3.8bn) worth of new pension liabilities incurred by the former state group.

Investors warned that the move could trigger a mass sale of other Japanese privatised stocks. Cliff Shaw, head of Mercury Asset Management in Japan, said: "This really could be the final straw in terms of international investor confidence in Japan."

It could also hamper the government's plans to tackle its long-running economic and financial problems. Next week

the ruling Liberal Democratic party is expected to announce plans to support the financial system by issuing bonds. These would be backed by the sale of government-owned shares in NTT, the telecommunications group, in Japan Tobacco and by new privatisations to avoid pressure on the general budget.

Some LDP politicians hope this could raise some ¥10,000bn, but, if investor confidence declines, this could be much lower. Peter Wolton, head of the European Business Community asset management group in Tokyo said: "If the terms of the JR privatisation are changed, then international investors will take a much more cautious attitude to future listings by the Japanese government. Any short-term gain would be offset by a longer-term loss of revenue."

The rail companies themselves warned they were con-

sidering taking the unprecedented step of suing the government for breach of contract. Masatake Matsuda, president of JR East, which is 11 per cent foreign owned, said: "This shows there is no one in the government who really understands economic policy or how markets work or the rights of shareholders."

When the rail system was split up 10 years ago, the companies divided ¥14,500bn of the old debt held at Japan National Railways, the former state company. The remaining ¥22,700bn was transferred to the JNR Settlement Corporation along with many of JNR's assets.

Since then, some assets have been sold. But the total debt has risen to ¥28,000bn, and this year the company was due to be wound up. But the government insists it will not pay the ¥28,000bn from public funds, because of its widening budget deficit.

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Markets Latest			
FTSE 100	9045.2	(+0.3)	
Yield	3.34		
FTSE Eurotop 300	960.1	(+4.1)	
FTSE All-Share	3275.42	(+0.26)	
Nikkei	12804.30	(-145.85)	
New York S&P 500	7003.98	(-45.01)	
Dow Jones Ind Ave	8275.42	(-4.40)	
S & P Composite	940.46		
LONDON MONEY			
3-mo Interbank	7 1/8		
Life long gilt bid	Mar 12 1/2		
US DOLLAR RATES			
Federal Funds	5 1/8		
3-m Term Bill: Yld	5.187		
Long Bond	10 1/2		
Yield	5.80%		
NORTH SEA OIL (Argus)			
Brent Crude	\$17.13		
Oil: L	\$17.13		
New York Comex Oil	\$22.55	(25.0)	
London	\$22.55	(25.0)	



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Europe today

France and the Iberian peninsula will be mainly fine, but there will be some early morning fog patches. The Pyrenees and French Alps will have some showers, falling as snow above 1,500m. The Low Countries, Germany, Switzerland, Austria and much of the Balkans will be unsettled with showers, turning to sleet or snow on high ground. Central and northern Italy will be mostly dry and bright, but southern Italy and Greece will have heavy showers and local thundery downpours. Scandinavia and eastern Europe will have snow flurries and sub-zero temperatures.

Five-day forecast
Intense high pressure, stretching from the Russian Arctic to southern Scandinavia, will become the dominant feature, allowing the development of a very cold easterly airflow across much of Europe. The Mediterranean will stay clear of the cold air and will have further showers.

TODAY'S TEMPERATURES			
	Maximum	Beijing	
	Celsius	Beifang	St
Abu Dhabi	Sun 28	Saigade	
Accra	Fair 32	Berlin	
Algiers	Shower 18	Bombuda	St
Amsterdam	Cloudy 7	Bogota	St
Athens	Rain 17	Bombay	
Atlanta	Shower 11	Brussels	
B. Aires	Shower 28	Bucarest	C
Bham	Fair 8	C.hagen	St
Bangkok	Sun 33	Cairo	
Barcelona	Fair 15	Caracas	C

We wish you a pleasant flight.
Lufthansa

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150 11/10/97

FT

WEEKEND

DECEMBER 13 / DECEMBER 14 1997



Christmas sparkle

It'll be all white on the night. Jancis Robinson picks champagnes and other non-red bottles



Velvet revolution

'It responds in an almost magical way to light and shade. It is set apart from other fabrics'



Opium of Ukraine

Two years after being banned from European championships, Dynamo Kiev have made a stunning comeback

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Death of Gold

Gold has always been more than a precious metal – men have even lost their lives for it. But no longer. Gold has fallen from grace and is now a mere metal and a bad investment. Kenneth Gooding explains why most of the glister has disappeared

Gold, frankincense and myrrh. The three wise men deemed these gifts suitable for the King of Kings two millennia ago. It says something about gold's staying power that today it is still a suitable gift for a sovereign, though a more thoughtful wise man may swap the precious metal for US Treasury bonds.

Mankind's fascination with gold goes back much further than 2,000 years. For primitive man, the attraction was aesthetic. Gold glinted at him from streams and river beds. He found it so malleable that, even cold, it could be hammered into crude ornaments and artefacts. Beauty and scarcity gave gold mystical appeal, and it became the stuff of temples, icons, idols, and offerings to the gods.

Ancient Egypt and Rome drew much power from gold, mined by slaves in conditions of unbelievable misery. "There is absolutely no consideration nor relaxation for sick or maimed, for aged man or weak woman," wrote the historian Diodorus in the 2nd century BC.

Similar conditions existed in Siberian gold mines up to the 1960s and miners still descend the deep shafts of South Africa knowing that, even if they obey the safety rules, there is no guarantee they will come out alive.

For the rich, and for the poor who sought it, gold was a tangible, long-term store of wealth, acceptable anywhere, a safe haven at times of disaster.

But gold is not what it once was. The image has been tarnished – apart from a couple of blips, its price has been drifting downwards for more than a decade. This week the price was the lowest for 18 years.

The 1987 stock market crash, the Gulf war and a meltdown of Asia's financial markets did not cause the expected rush for gold.

So, has gold had its day, at least as an investment? Has the glister gone? Is it only the sentimental and the gold obsessed, the hags, who still seek it out and, as Virgil put it, have the "cursed craving for gold?"

Ted Arnold has no craving. He is a gold bear and metals specialist at the Merrill Lynch financial services group. "The reality is that gold is now a commodity just like any other. Many gold miners still think gold is something special or magical and not subject to the usual laws of supply and demand like copper or zinc or nickel. But it is."

But will everyone eventually stop viewing gold as an investment? Is the end of the affair an inevitable outcome of modernisation, when money transfers

are automatic and unseen, and there is talk that cash itself will disappear? When it became clear that people needed a medium of exchange, gold was the medium of choice. Croesus, King of Lydia, is credited with ordering the first gold coins to be struck in 550 BC.

Gold's great appeal was its indestructibility. It does not tarnish like silver and is generally not corroded by acid. Gold coins have been recovered from sunken treasure ships looking as bright as new. And the metal still has its modern moments. There was a rush to gold savings accounts in Japan after television newscasts of the 1995 Kobe earthquake showed an old woman tearing at the rubble of her house and triumphantly pulling out an unscathed, glittering gold bar.

There are estimates, not uncontested, that until 1890 only 10,000 tonnes of gold had ever been mined. The 1848-49 Californian gold rush changed all that, followed by the discovery of huge gold fields in South Africa in the 1890s. There was another belated rush in 1990 after the price jumped to \$860 – almost three times its present price.

Miners have been using new techniques and modern technology to locate and remove the gold. Last year, a record 2,350 tonnes were dug from the world's mines, or 75.56m ounces.

A turning point occurred when gold became a standard measure of wealth, personal and national. Formal "gold standards" were introduced by trading nations after the Californian rush ensured there was enough metal available. Britain's began in 1816 and the rest of Europe followed in the 1870s. The US did not finally divorce itself from a silver-gold standard until 1900, about the same time as India.

The gold standard was meant to discipline an economy. The price was fixed and the currency was redeemable in gold. The UK

gave up this system in 1919 but it persisted in the US until 1933.

Between the 1930s and 1972 there was an "international gold exchange standard" which involved central banks supplementing their gold reserves with certain key currencies that, in theory, could be redeemed for gold.

All this led to central banks building substantial stocks of gold and caused one Yale professor, Robert Triffin, famously to remark: "Nobody could ever have conceived of a more absurd waste of human resources than to dig gold in distant corners of the earth for the sole purpose of transporting it and burying it immediately afterwards in other deep holes, especially excavated to receive it and heavily guarded to protect it."

Today, most gold goes to make jewellery rather than into central bank vaults. According to the Gold Fields Mineral Services consultancy, 2,807 tonnes of gold was used by jewellery makers last year.

Unreconstructed gold bulls emphasise that this was far more than the 2,350 tonnes that came out of mines during the year. Demand for gold this year has been at record levels – Indians, for example, bought more in the first nine months than in the whole of 1996 – yet the dollar price of gold has slumped by 20 per cent. The price has fallen because of increasing fears that central banks will steadily sell off gold – they still have 37,000 tonnes tucked away in vaults, equivalent to more than 12 years' supply.

The new breed of central banker is not daunted by gold and sees little point in having an asset that just takes up storage space. Some have been getting a modest return by lending gold to bullion banks, earning 1 or 2 per cent and adding to market liquidity.

That did not satisfy performance-oriented bankers, economic rationalists who were not charmed by the romance of gold. For them, as for the 14th century Scottish poet Andrew Wyntoun, "Oure gold was changyd into lede". So the central bankers started selling.

The Netherlands said in January that it had sold 300 tonnes, the fourth disposal since 1989; since then it has cut gold reserves by 20 per cent. In July, Australia

shook the market by announcing that it had reduced its gold reserves by two-thirds – even a leading gold producer seemed to have lost the faith.

And, two weeks ago, Argentina revealed it had sold its entire gold reserves in the first half of this year, all 124 tonnes, and invested the proceeds, \$1.46bn, in US Treasury bonds.

Echoing the views of other central banks that complain gold is an unproductive asset, Argentina's bank pointed out the bonds would yield an average of 5 per cent and were expected to bring in \$81m a year.

The biggest shock of all – and one that triggered the biggest one-day fall in the gold price for four years – came in October when a panel of Swiss experts suggested their country should sell more than half its reserves. Switzerland, which has a law forbidding such sales, had fervently supported the idea that prudent countries should have a reasonable stock of gold and had refused to sell an ounce.

There have been big profits made from gold's fall from grace. Some big US commercial banks have made a killing in the last year or so by selling gold short – selling gold they do not own in the expectation they can buy it at a lower price before they have to deliver.

The gold market is now very much in the hands of these banks and New York investment funds, according to Timothy Green, who has been tracking the gold business for 30 years. He suggests that the trade has changed more in that time than in the preceding 4,000 years.

In his book *World of Gold*, Green argues that the ending of a fixed price for gold

by international governments in 1968 and the transformation in communications have combined to change the gold market. "For many new players in the market, volatility, not stability, was the chief attraction; to them it did not matter whether the price went up or down, as long as it moved. The communications network brought everyone together, round the world, round the clock and made the gold price a moveable feast."

Nevertheless, there are still many millions of people who retain a deep faith in gold. There are large parts of Asia where only a social revolution could change the gold habit. In India, a farmer buys gold when the monsoons bring good harvests and he sells it when the rains don't come.

Gold rings and necklaces are lavished on newborn Indian children and an Indian bride is weighed down with gold jewellery. For an Indian woman, prevented by Hindu law from having any proprietary rights over her father's or husband's property, personal gold ornaments and jewellery offer financial security.

Gold has retained symbolic value in the straightforward transactions of rural India, but it has been diminished by the modern trading techniques in exchanges in the US and Europe. The money flowing into physical

gold – more than \$27bn this year – is overwhelmed by amounts ploughed into securities that are derived from gold.

In London in October, for example, gold worth \$1.16bn a day was traded. Using exotic cocktails of options, futures and warrants, the banks and funds are "relieved of the acute embarrassment of having to take delivery of a single ounce," according to Timothy Green.

But how long will gold's reserve of appeal last in developing countries? "Gold," says Rob Weinberg, analyst at Deutsche Morgan Grenfell, "fills many different roles simultaneously. It can be an adornment and an industrial metal; a means of displaying wealth and an anonymous form of saving; an insurance policy and a gambling chip; it is an international reserve asset yet officially it is not money."

In the western world more people are buying gold to wear, as jewellery or watches, because it makes them feel good and they can pretend to themselves that these objects will hold their value. They conveniently ignore the fact that the cost of design, production, profit and taxes usually far outstrip the value of the gold content.

But when it comes to bullion as an investment, and as a measure of national wealth, gold is a goner. The reverse alchemy is almost complete. Eddie George, governor of the Bank of England, like Fort Knox, one of the great citadels of gold, recently told a European parliamentary committee: "Whereas gold used to be seen as a good asset, it is now seen as the bottom of the pile."

**World of Gold, Rosendale Press, £21.*



An Indian farmer buys gold when monsoons bring good harvests

olution could change the gold habit. In India, a farmer buys gold when the monsoons bring good harvests and he sells it when the rains don't come.

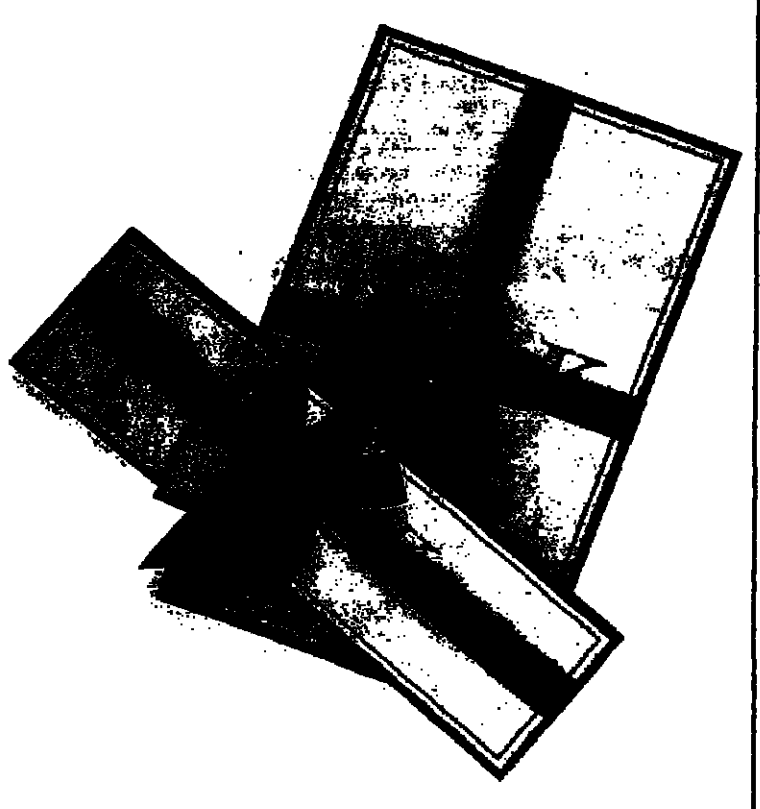
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The gold standard was meant to discipline an economy. The price was fixed and the currency was redeemable in gold. The UK



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Global warming
'Most of us welcome the spread of competitive capitalism across the planet'
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The Crisis of '98
The writer and soothsayer
Paul Erdman starts a two-part thriller
In FT Weekend

PERSPECTIVES



Colin and Amanda Soden: 'Our eight years there were not a waste of time by any means. We educated our two children extremely well and Colin and I have satisfied our wanderlust'

Minding Your Own Business

Shutting the French window

After eight years, Groupe Soden has been translated back to Britain. Grania Langdon-Down reports

It was time to put up or shut up. Colin Soden was past 50 and time was running out for him to realise his dream of living and working with his family in France.

His wife Amanda, 16 years his junior, shared his aspirations and eight years ago they began disentangling themselves from life in England so they could take her 10-year-old son Roly and their four-year-old daughter Emily across the Channel to seek their fortunes.

They sold Amanda's nanny agency, gave up Colin's stockbroking partnership, took the children out of their private schools, sold their house in Suffolk, loaded up dogs and ponies and headed for France.

Amanda, now 44, already spoke French and Dutch, having moved to Brussels with her parents when she was 12 and studied in the Netherlands. "Everyone thought it was my idea to go to France. But it wasn't. Colin had always talked about wanting to live in France and having hit his 50s, it was time to go or stay put until retirement," Amanda says.

They bought a 13-bedroom, largely 16th century chateau with 20 acres of parkland in the Limousin region, 20 minutes from Limoges, for £100,000. The idea was to offer upmarket bed and breakfast accommodation and, eventually, conference facilities.

This was in January 1990. They needed to redecorate the chateau, its two-bedroom cottage and stone outbuildings, as well as renew the wiring, heating and plumbing by the time the first paying guests were due to arrive three months later.

After working flat out on the renovations, they had about 100 families staying in the first year. Each following year, the guests brought in enough income to cover the chateau's running costs.

They had planned that their main earner would be the production of horticultural mulching bark, as they were living in an intensely forested area.

The initial plan was to market it locally in France and hope export restrictions to the UK would be lifted and that market opened. But their joint venture with a British company already dealing in horticultural bark collapsed when it was hit by the recession. Amanda says: "It was a scary time financially; that year turned out to be the loneliest of my life."

They decided to sell the chateau. Finding a buyer took three years. So, to keep themselves afloat, they took on a new venture, which was inspired by one of their guests, Gordon Gray, who runs Fox Pool UK. He asked Colin if he would be interested in being his agent in France, selling, installing and maintaining swimming pools.

Despite having no idea about pools or even any building skills, Colin took the plunge and set up

Groupe Soden. Under French law, the business had to be registered with the local Chambre des Métiers, or chamber of trade.

And then the dream hit reality. Colin, now 60, explains: "The Chambre informs eight different government departments, looking you into France's notorious bureaucracy. It meant we had to make three payments - one for our pensions, one for health cover and one to cover social security and children's allowances. As the health cover

with the pool building. Colin says: "The pay slips involved dozens of different calculations to arrive at the final salary. You also had to pay to the government about half as much again on top of the salary in social security."

"The couple finally managed to sell the chateau in 1993, but decided to stay in France until son Roly had completed his baccalaureate. They bought a farmhouse in Auch, near Toulouse, with a cottage attached which could be let. Their house move took them into a different French département or area, so they had to re-register Groupe Soden with the local Chambre des Métiers.

Amanda was keen to exploit her growing interest in French crafts by setting up an export company - French Fabrics Direct - which would enable her to trade in distinctive French material. The bold colours of typical Provencal designs, along with trimmings and lace, quickly attracted customers in Japan, New Zealand and Saudi Arabia as well as England.

Once bitten by the state-imposed costs of running a business in France, they expanded Groupe Soden's profile by re-registering it to include Amanda's work so they did not have to pay twice.

During his five years running the pool business, Colin installed 25 pools. Turnover was about £80,000 a year - which did not leave enough to survive on, according to

Amanda. "I supplemented our income by selling holiday homes to British buyers for a house agent on a percentage basis, giving English lessons, letting the cottage and building up my fabric business. The fabrics kept bringing me back to England on sales trips."

"It became very obvious that in 1996 England was out of the recession while France was still deep in it. My business was working and we needed to be in England."

In February this year, Colin, who wanted to stay in France, made his first trip back to the UK. Within two weeks, he was convinced it was the right time to return home and by the summer they had sold the house in Auch.

Amanda could now concentrate on establishing French Fabrics Direct in the UK, registering it as a limited company, and working from a tiny office in the Suffolk farmhouse they are renting.

She says: "It is all so much easier in England. We have an accountant and are registered for VAT, but we do not have to pay anything until the money starts coming in. We both pay National Insurance quarterly and tax at the end of the year, and that's it. People should be incredibly grateful for the way the system works in the UK."

Amanda's target for her first year back in England is for a turnover of £100,000 by September 1998. Within the first few months, she had

secured several orders, including one from the John Lewis Partnership for £3,000, others for £8,000, and £3,500 worth from Japan.

Colin is returning to stockbroking part-time. He enjoyed their French experience but warns that "in terms of business it is an absolute nightmare. I read a report in Le Figaro recently that there were 500,000 civil servants too many. That gives you some idea of what it is like - the system is regimented with state interference at every turn. It was also difficult for Mandy being in business there. In meetings with male bank managers or lawyers they would never speak to her, even though her French was much better than mine."

Amanda is now writing a book about setting up businesses in France. "Our eight years there were not a waste of time by any means. We educated our two children extremely well and Colin and I have satisfied our wanderlust. We are far more financially sensible than before and we have come back with a business that is up and running. Probably the only thing we have missed out on is keeping up with the housing market."

"What I would say to others is only venture abroad if you have a pension or some other income to support you because it can be absolute hell."

French Fabrics Direct, The Farmhouse, Letheringham, Woodbridge, Suffolk IP13 7RA. Tel/fax: 01728-746215.

The Nature of Things Stress and strains of motherhood

Victoria Griffith looks at the risks behind IVF treatment

The world has been riveted by news on the fertility crisis over the past year.

In February, an Englishwoman won rights to her dead husband's sperm. In the spring, a 63-year-old Californian became the oldest known woman to give birth - by donated egg - after allegedly lying to a fertility clinic about her age. In October, a fertility patient in Atlanta had twins using eggs that had been frozen for more than two years. Last month, an Iranian, who had taken fertility drugs, bore septuplets.

This year's events seem to push at the outer edges of medical and social acceptability. Physicians worry about the stress of pregnancy on the bodies of older women. Some question the wisdom of such a large age difference between mother and child. With scientists growing increasingly certain that the age of the eggs, not the womb, sets a cap on motherhood, it may be a mere question of time before a 70 or 80-year-old uses donated eggs to give birth.

Multiple pregnancies are of particular concern. Normally, a woman produces 10 to 20 eggs in a cycle. One becomes the dominant egg, effectively blocking other candidates. A patient taking fertility drugs to stimulate egg production often has no such controls - a defect that boosts the chances of conceiving more than one child.

Multiple pregnancies are also common in cases of in-vitro fertilisation (IVF) as physicians try to beat the odds of rejection by implanting many eggs in a patient's womb. Fertility treatments have increased the likelihood of having triplets in the US from one in 7,000 births a decade ago to one in 800 today.

Carrying more than one foetus is medically risky, for both mother and infants.

Women in multiple pregnancies are 10 times more likely to die from stroke and other complications than women in single pregnancies. The children of multiple births are almost always premature and they can suffer from a host of maladies, including respiratory illness, cerebral palsy and blindness.

Paediatricians worry about developmental problems as well, as harried parents struggle to cope with the logistical challenges of raising many babies at once. "The septuplets may be a medical miracle but they are a social disaster," says Geoffrey Sher, executive director of Pacific Fertility Clinics in Los Angeles.

While fertility treatments carry risks, demand for them is rising as women increasingly delay childbearing until their 30s or even 40s. The number of

patients seen by fertility clinics in the US has grown more than 25 per cent in the last decade.

More help for the infertile may soon be on the way. This year's birth of twins from frozen eggs has raised the possibility that women will one day be able to preserve their own healthy eggs when they are young, for use later in life. An experimental method using donor cytoplasm may also improve older patients' chances of having children.

Multiple miscarriages are often caused by chromosomal defects; it is nature's way of screening out the less fit. Chromosomal defects, in turn, can be traced to problems in cell division. Since cytoplasm - the fluid around the nucleus - works as the engine of this division, injecting an egg with cytoplasm from a younger woman may aid the process. Scientists are already experimenting with such transplants in the laboratory, to study the impact on chromosomal health.

While the new methods may seem a godsend to couples hoping for children, they are likely to raise as many questions as they answer. "How do we know the impact of combining one woman's cytoplasm with another's DNA?" asks Macchelle Seibel, medical director of the Boston-based Faulkner Centre for Reproductive Medicine. "Who is the true mother, the cytoplasm or the DNA donor?"

Such questions have augmented demands for new regulations to guide fertility treatments. Many rules are already in place. Ireland bans IVF. Germany restricts the genetic testing of embryos. The UK limits the number of eggs that can be implanted in a woman's uterus, to avert multiple pregnancies.

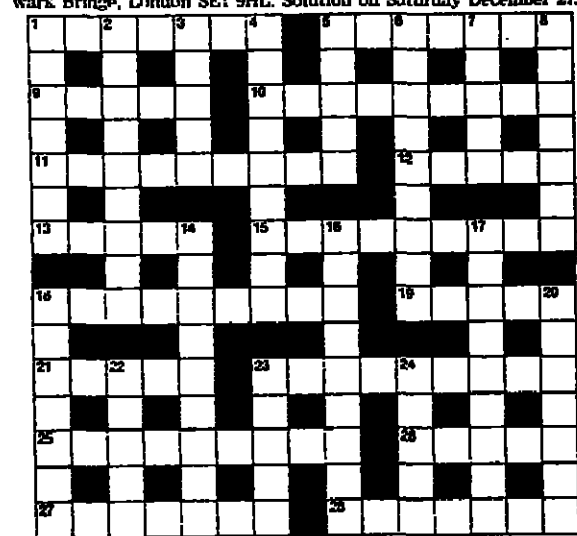
Yet regulations, too, are controversial. Restricting the number of eggs used in IVF, for instance, reduces older women's chances of pregnancy. Ethical values, moreover, often shift over time. Catholic hospitals in the US once refused to receive patients impregnated by artificial insemination; now such births are too common to warrant notice.

Is it wise to restrict motherhood? Should anyone over 50 be prohibited from having a child? Over 65? Could the rules be stretched to place limits on single mothers, gays, or people under a certain income level? As often happens, advances in science seem to be outpacing our capacity to cope with their ethical implications. In the field of fertility treatments, that gap will probably grow ever wider.

CROSSWORD

No. 9,557 Set by CINEPHILE

A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Tuesday December 23, marked Crossword 9,557 on the envelope. The Financial Times, Number One Southway Bridge, London SE1 9HL. Solution on Saturday December 27.



Name: _____
Address: _____

WINNERS 9,543: Mrs D. Alder, Acton Trussell, Stafford; J. Anderson, Alderton, Suffolk; Jenny Burrows, Oxford; Mrs J. Goldby, Dury St Edmunds, Suffolk; D.H. Swinler, Killen, Rosshire.

The FT Christmas Crossword, set by Cinephile, will appear on Saturday December 27. A double-sized extra crossword in the Times.

ACROSS

- When... transported by a kiss on the head (3,4)
- Disorderly mob contained by rich confection like a lounge (7)
- 13 An electrical safeguard for a close shave (1,4,5)
- Half without battleship base? It's wrecked by a railway vandal (5,4)
- Stun a Labour listener, may be up a puntree (5,4)
- 24 Ecology News, a consultative document (5,5)
- See 9
- Where to eat first-class tripe with pastry backing (9)
- Looseners of 'en parties, possibly (9)
- Fixed teaching seems to be a bitch (5)
- 7 Astronomer writing article about youth club leaders, goblin and painter (5,5)
- Double originally provides Pict with alibi (9)
- 25, 27 Puncake mix for such as Britannia, with HQ on the South Bank (9,5,7)
- Nearly nothing, start to finish - not long, to wait (5,2)

DOWN

- Speculation about torture in enclosure (7)
- Domestic animals, upset by stage whisper, give way (4,5)
- 22 Clay for unfinished row of houses over the top one (10)
- More left-wing style detective (9)
- 23 down US state part of speech, as in catchment area (5,5)
- Bound to make boat glide (9)
- See 21
- Piece of a piece for rebel part of Commonwealth first of all (7)
- Italian painter or conductor going round in reverse (5,4)
- Link to a case is uncertain (9)
- Nowhere near immediately (5,4)
- French resort to be found among the opposition (7)
- 20 The French in a club for aircraft control (7)
- See 3
- See 5 down
- See 12

Solution 9,556

ACROSS

- WEDDING
- CHOCOLATE
- SHAVE
- RAILWAY
- STUN
- ECOLOGY
- 9
- WHERE
- LOOSENERS
- FIXED
- 7
- DOUBLE
- 25, 27
- Nearly

DOWN

- 13
- 22
- 23
- 9
- 5
- 6
- 21
- 10
- 11
- 12
- 14
- 15
- 16
- 17
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- 26
- 27

BRIDGE

Defending INT is neither glamorous nor sexy: it is hard graft. Yet, because the target for both sides is the same - seven tricks - and the battle is usually extremely bloody, one can glean particular satisfaction from success.

N

10 4 3
9 8 6 5 3
Q 8 3 2
K

W E
A J 9 K 8 7 6
Q 10 4 J 7
K 9 6 5 7 4
4 3 2 A Q 9 8 6

S
Q 5 2
A K 2
A J 10
J 10 7 5

North East South West
1H NB 1C NB
1H NB INT

You may not like North's 1H, but it is what happened. South's INT rebid showed 15-16pts - worth remembering as you plan the defence.

West led 5 \spadesuit and South won with J \spadesuit . Declarer cashed \spadesuit AK and led a third round to West's Q \spadesuit . East dropping 6 \spadesuit . This was the crucial moment. West counted declarer's \spadesuit AK and,

CHESS

Despite the missing boards and men at the first weekend of the UK's national league, the competition continues to grow.

Last month's third round at Kenilworth attracted 13 GMs, headed by Britain's No 1 Adams. The talented young squad from the defending champions Midlands are the early leaders, while the top seeds Slough have yet to recover from their controversial European Cup defeat.

The new contenders are Barbican, worthy defenders of the City of London, and Invicta Knights from Kent, strengthened by leading GMs Speelman and Nunn. The latter's win shows how subtle flank play can undermine a seemingly strong centre (4 Grant v J Nunn).

1 c4 g6 2 Nc3 Bg7 3 g3 e5 4 Bg2 Ne5 5 e4 d6 6 Ng2 f7 7 exf5 Bxf5 Active piece play rather than the routine gxf5. 8 Q-0 Nf6 9 d4 Q-0 10 dxe7 10 d5 or 10 b3 is better. In the game, Black develops pieces quickly.

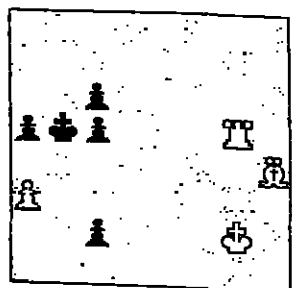
Nx6f1 Nxd4 Bg4 12 f3 Bx7 13 Re1? Tactically clever, but opening the long diagonal for Black's Q and B-so 13 b3? Nx6f1 14 Qb3 d6 15 Nx6f1 16 Qx4 c6 17 Bc3 Qf6 18 Rad1 Kx6 19 Bcl Ra6 20 Rxe6? This concedes another

open line, but White's game is already worse. Rx6f1 Qb3 Nb6 22 Bc3 c5! Black was angling for this tactic, which gains decisive material. 23 Nc2 Bxd4 24 Qd3 c4 25 Resigns.

For 15 Qd2 Bxc2 26 Qx2 Rx6f1 wins.

No 1207: FT reader Trevor Hayes (Haverfordwest) spotted something the grandmasters missed. 4 Rb6! forces mate next move and is three moves quicker than the published solution.

No 1210: White to move, what should be the result? White is a rook and bishop ahead, but



the black pawn is poised to queen. This simple-looking puzzle has defeated several strong players who have missed its surprise outcome.

Solution, Back Page

Leonard Barden

PERSPECTIVES



Joe Rogaly

The world through rose-tinted spectacles

It is count-your-blessings time – co-operation and goodwill are getting the better of fear and greed

Hallelujah. The end of the year approaches. So does the end of the century. Likewise the millennium. We may quake in fear of what is likely to happen next, but that is no way to live. Optimism is the only sensible choice. It is count-your-blessings time. Pollyanna Day, with season's greetings.

This may surprise some regular visitors to this space. If on rare occasions we are cynical, gloomy, prone to dark forebodings, it is partly because Beelzebub has the copyright on such devilishly good tunes. He has purveyed them for most of the 20th century. I am happy to remind you that some of his anti-hymns have recently faded, are now off the charts.

It is less than a decade since communism collapsed. The prospect of nuclear annihilation,

once constantly present, has receded. Democracy is spreading. Government intervention is no longer the normal response to every problem. The fruits of market capitalism constitute an abundant harvest.

Even Gaia, the earth-mother, may be permitted a weak smile. That is the positive way to regard the green treaty negotiated in Kyoto this week. It sets a framework for internationally agreed action by 180 countries, whose delegates pledged their home governments to reduce emissions of noxious gases. The US, the European Union and Japan initiated it.

We should be thankful. It is potentially as important a move forward as the deal reached in Montreal in 1987. That is already limiting the production of chlorofluorocarbons, chemicals that destroy the ozone layer. Their

use is being phased out. Manufacture will eventually cease.

The effect on humanity's thinking of Montreal plus Kyoto could be dramatic. Over the past couple of decades concern for the environment has entered the global psyche.

Decisions made by governments and companies are never business, always personal. They are taken by individuals. A generation of executives and administrators is steadily being greened.

In another 10 years or so a new cadre of globally conscious men and women may welcome conservation, cleaner technologies, and low-energy manufacturing methods. Some of them will be US senators. Even our old friend self-interest may be turned to the common good. This is already affecting the actions of companies.

Take, for example, Unilever. One of its products is fish fingers, made from a coating of batter wrapped around pieces of cod. Alas, Atlantic cod is being fished out, along with haddock and herring. No surprise there.

The world's governments spend \$54bn a year on subsidies to a fishing industry whose global product is worth \$70bn. Attempts to impose limits by treaty are unlikely to succeed.

The company knows where its interests lie. It has joined with the World Wildlife Fund for Nature to set up a "Marine Stewardship Council", based in London. This independent body will certify fish that are caught by sustainable methods. Unilever, which is a prime customer, will not buy what is not certified. The first priority of the company is "to be a profitable business". That means conserving its future

resources of raw materials.

Heavens. These rose-tinted spectacles certainly soothe the aching eye. We might attach them to one of those chains that leaves them dangling around the neck.

There was no need for such glasses this Tuesday. In the British house of Commons a Conservative spokesman, addressing a New Labour minister, said of the UK government's plans for the National Health Service that "there is a touching Old Labour faith in co-operation and goodwill". Quick as a flash came the reply: "I'll plead guilty to that."

So would we all, if we had a proper sense of what it is to be human and civilised. Let me adjust my pink lenses. Most of us welcome the extended application of market principles, the spread of competitive capitalism across the planet. Together these

developments could improve the lives of many people.

But Mammon is one of Beelzebub's close cousins. Co-operation and Goodwill are no relation. Introducing these forgotten cherubim to a parliamentary debate is a welcome antidote to the prevailing demons that inhabit our thoughts.

The same might be said of that other celebrated cherubic duo, Truth and Reconciliation. The commission of that name sitting in South Africa is not without flaw, but it is a physical expression of the extraordinarily peaceful transfer of power in the republic.

We now hear suggestions that a similar process could be helpful in Northern Ireland. Excuse me if I do not comment on that. Not today.

Today is for recalling what there is to be cheerful about. The

world's population is still growing, but less rapidly than was predicted by the Malthusians among us. The financial markets are rarely stable, but the system seems to have survived the recent turbulence. Scientists have disassembled the very stuff of which we are made, but there are known benefits to be derived from genetic research. I suppose even electronic communications have their useful side.

You could take the picture I have given above as the best possible perspective from which to view the world. The case in favour is that greed and fear are not the only forces that determine human behaviour. They are powerful, to be sure, but so are co-operation, goodwill, truth and reconciliation.

Normal service will be resumed next week.

Joe Rogaly@ft.com

Lunch with the FT

Darkness at the heart of a past master of snow

Jean-Claude Killy, three times world skiing champion, tells Arnie Wilson of the dangers of sleeping with the past

Jean-Claude Killy has hardly changed since his astonishing feat of skiing off with three gold medals at the Grenoble Winter Olympics almost 30 years ago.

Still handsome at 54, the Frenchman is still swooned over in the street, even as far away as in Aspen, Colorado, where, in a meeting with adventure skier Glen Plake (Mohican haircut meets winner of *Legion d'Honneur*), Plake told him that he was the person he most wanted to meet in the world. As a boy, Plake had kept a photograph of Killy on his bedroom wall.

Killy, also three-times world skiing champion, was such a familiar face after his Olympic hat-trick that he even turned up as an actor in a B-movie shot in the Swiss resort of Zermatt.

"I was a big movie star. I had the part of a thief. I stole some money in a ski resort. And the only way to escape without being caught was by skiing. It was a good film, but not successful. Funny enough, the film people didn't call me after that."

The film had other rewards, however. On location, Killy met his future wife, actress Danielle Gaudet. She died of cancer 10 years ago.

At about the time of his wife's death, Killy gave up skiing. "I am snowboarding now," he said over an indifferent *escalope Milanaise* at the London Outpost of the Carnegie Club in Cadogan Gardens.

But he is busy with other projects: he is chief executive of the Paris-Dakar rally and the Tour de France, and markets his own ski wear.

Had he not been a skier, he says, he would have been a tennis player, wrestler, cyclist or soccer player.

"Because of my great need to win, I could have excelled at many sports. I had this determination to succeed. I was single-minded. I use an exercise bike four times a week. And I'm on the road in summer – in the Alps and the Pyrenees. Jeep. I know a lot of mountain passes."

His determined image is enhanced by a scar on his jaw – "The girls really love it," he says. It was inflicted by a ski-pole in a childhood

accident at his adopted home of Val d'Isère, where the local slopes are named after him – L'Esplanade Killy.

That scar is also a clue to a more disturbing personality trait: he claims to hide a "profound violence" in his soul.

"I am secretly quite a violent man. You can't be any other way if you want to be the best. I normally contain it well. No one knows."

"You are born with it. You live with it all the time."

I was startled to hear this, since everyone had told me how easy-going he was. Was his sense of humour a way of avoiding violence?

"Perhaps. People say I have a good sense of humour – especially making fun of myself."

My next question com-

'It was a good film, but not successful. Funny enough, the film people didn't call me after that'

pletely floored him: Do you like people?

It was a full 15 seconds before he answered – I timed it when playing back the tape of our meeting.

He then spoke of his love for his father. I pressed him: "You haven't really answered my question."

Another long pause.

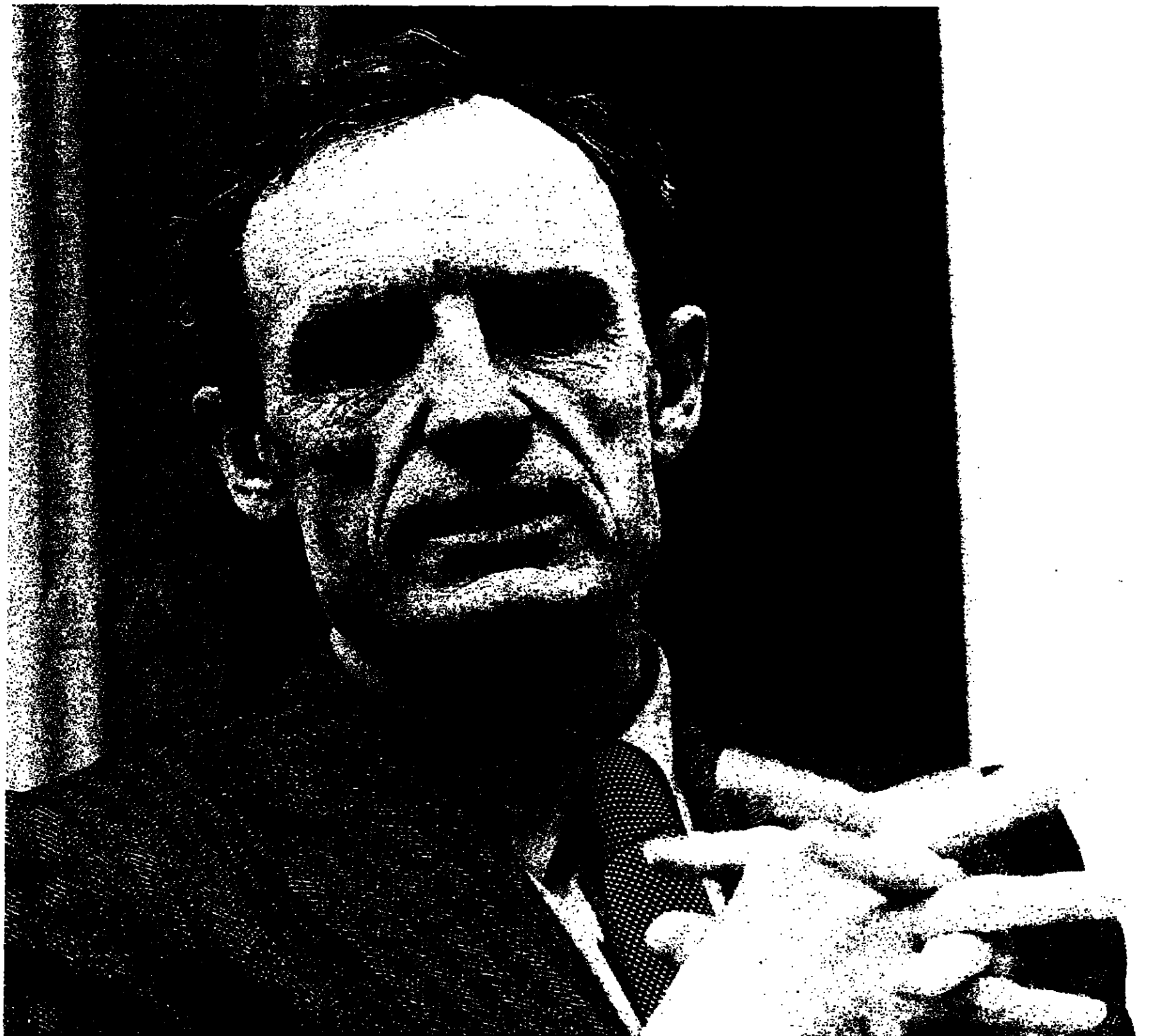
"There are people I would probably give my life for. And people I wouldn't even spend two minutes with."

And when that is the case they would know it immediately. That's it. No in-betweens.

His violent side was kept under check in Algeria, where he was called up to fight, briefly, in the war of independence in 1962. Did you kill anyone, I asked.

"No, no, no. I had fun. I loved driving. I said I'd do anything you want as long as you give me something to drive. They gave me a tank."

How did he feel about what was happening in Algeria today? "It's mon-



Jean-Claude Killy: 'There are people I would probably give my life for. And people I wouldn't even spend two minutes with. No in-betweens'

strous. Monstrous. I know how the people are – how they can be. It's heartbreaking because we – the French – are probably responsible in some ways for how they are."

But the violence came perilously close to the surface when he attacked the French minister of sport in 1972. Killy was trying to revitalise the French ski team and went to see the minister with Leo LaCroix and Guy Perrilat, two other top French skiers, offering themselves as trainers.

"I said to the minister: give us six skis and we'll win at the next world championships. But he said: 'Get out of here, you old jerks.' I was so angry I almost strangled him. I swear to God."

But Leo LaCroix (so often nano-seconds behind Killy in the world's top ski races) stopped me. Leo is a pacifist.

Killy, who at one stage had considered standing for high political office, had a more relaxed relationship with President François Mitterrand. At the Albertville Winter Olympics, of which he was co-president, he helped introduce the president to the complexities of the Mexican wave, or *La Ola* as the French call it, having to pull him back into his seat at one point.

Killy seemed unconcerned at the lack of any choices of menu at the London Outpost, where you are more or less obliged to have what

they give you. The Carnegie Club has no restaurant as such, but the chef will throw something together for members to eat in their rooms or on the conservatory.

We started with avocado prawns, and ended with *poire Hérène* – pears poached in red wine.

In spite of a healthy appetite, Killy looks as lean as ever. "I've never had a weight problem," he said. "It was 76kg in Grenoble, it's 76kg in London today."

But don't you feel a bit of a traitor, taking up snowboarding after making your name as a skier, I asked.

"Not at all. No. I think I'm just respected as a sportsman, whether I'm on the International Olympic Committee, Tour de France or in the desert with pilots. I don't try to sell snowboarding to anyone. I just love it. It's fun and it's faster on soft snow than with skis."

The advent of snowboarding has not been so good for Killy's ski-wear interests. A couple of years ago, Killy Ski ran up a nice little grunge outfit and gave him one. Most of the remaining 1,499 suits were unsold. "Killy and grunge didn't go together," he said. "The range flopped."

A few years earlier, after Killy had become engrossed in organising the 1992 Olympics, Paul Goldstein's Nevica company had taken over the running of Killy Ski, with Killy retaining an interest.

A new range of performance sports-wear for men is being launched this winter,

called Killy Sport, which uses "air-water technology" to keep the harshest weather out. The range includes clothing for expeditions, and sailing, lightweight wear for spring skiing and cold-weather casual wear.

Not including women's wear in the new Killy Sport range comes as a great relief. "We can make great men's suits – no problem," he said. "It's the girls. Trying to combine style with function can be a nightmare."

A functional hip pocket on a girl's suit, for example, is just unsellable because it can make a woman's hips

venture has proved to be the more enduring. But who was the greater skier?

I had spoken to Klammer a few days earlier and he had told me: "Although he was a brilliant skier, downhill was not Killy's speciality. I would have beaten him six times out of 10."

I put this to Killy. There was another long pause as he sucked in a few strands of spaghetti. "Mmmm," he said. He was thinking rather than savouring his lunch.

"Klammer was a downhill specialist. If I had concentrated on downhill, it would have been difficult for him. But my problem – and it was a very big problem – was to be on top of all three ski events (downhill, slalom and giant slalom). It was a major headache. It's a monster to attempt to ski at the Olympic Games in three disciplines. So what Klammer says is probably true."

It's said that when you were racing, you hated the Austrians with a vengeance. "We hated them like you wouldn't believe, but we respected them. It was so impressive. And they'd never stop trying to beat us to death. I was very much like them."

Killy, however, has no wish to submerge himself in nostalgia. "I gave most of my trophies away to the Olympic Ski Museum in Lannana. My Hahnenkamm trophies are rusting away in my brother's shop in Val d'Isère. They're not even on display any more. But I

couldn't care less. Living today is a lot more interesting than sleeping in the past."

Will Killy ever ski again?

"You never know what life has in store for you. I keep being surprised by what life has to offer. But, as of now, I have no plans to ski again."

Never?

"Never say never."

Arnie Wilson

Arnie Wilson

Arnie Wilson

Arnie Wilson

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Arnie Wilson

KEEP SOMETHING WITTY UP YOUR SLEEVE

QUACK QUACK GLUG GLUG

PUFF PUFF CLINK CLANK

LINKS OF LONDON

Even an octopus can't have too many cufflinks. Boost the morale every morning with these elegant wittycuffs in sterling silver, exclusive to Links of London. With 150 to choose from, from £50 the pair, they're ideal Christmas presents (guess what Santa Claus has up those big red sleeves).

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PERSPECTIVES

Christian Tyler finds two villages are settling old debts on the gaming tables of the casinos

No rivalry is so ferocious as that between neighbours. Founded in the 1858 gold rush, Central City and Black Hawk have been rivals for as long as anyone can remember. Sharing a gulch 8,500ft up in the Rocky Mountains behind Denver, Central City always looked down with disdain on Black Hawk, while Black Hawk looked up with envy at Central City.

"City" is too large a word. These places are villages, one perched scarcely a mile above the other. Physically, they couldn't be closer; socially they are miles apart.

Central City boasts an opera house where Edwin Booth, Lillian Gish and Noel Coward played. It has the Teller Hotel, where president Ulysses Grant and Mae West slept (though not at the same time). It can point to visitors such as Buffalo Bill Cody and Doc Holliday in the 1890s, Allen Ginsberg and Jack Kerouac a century later. Each year it hosts the Yellow Rose Ball, when a dozen widows from Colorado's oldest families make their social debut.

After its heyday, Black Hawk declined to become little more than a row of shacks. It is hard now to imagine the scene when John Gregory struck gold in 1899 and some 15,000 miners poured into the place. The workers, the mills, smelter and railway terminus were housed in the lower town.

The owners and the rich went up the hill to Central City which, by the early 1870s, had a population of 5,000, twice the size of Denver's. It failed by only one vote to become the state capital.

Now the two neighbours are at each other's throats again. And the cause is a second goldrush: gambling arrived in Gregory's Gulch in 1991. This time, however, the boot is on the other foot.

Not all is enmity. The mayors of the two communities, Kathryn Becker in Black Hawk and Don Mattivi Jr in Central City, are cousins and were pictured embracing in the most recent issue of *The Little Kingdom Come*, Central City's jokey journal. (Under the subtitle "Somewhat Violent Anti-Black Hawk Issue", the same edition featured a plan to bombard the rival village with deep-frozen chickens.)

Central City is not always gentle. Some years ago, locals say, a mayor who failed to get re-elected rode naked round town on his Harley Davidson motorbike firing a shotgun in the air.

Dolores Spellman, who guides visitors round the opera house, has a foot in both camps; her son David is an alderman in Black Hawk. "How would you like to have Central City's rubbish dumped on you for 100 years?" she says. But when her son tried to join the Elks' lodge in Central City, he was heavily voted down. Gossip says they even ran out of black balls.

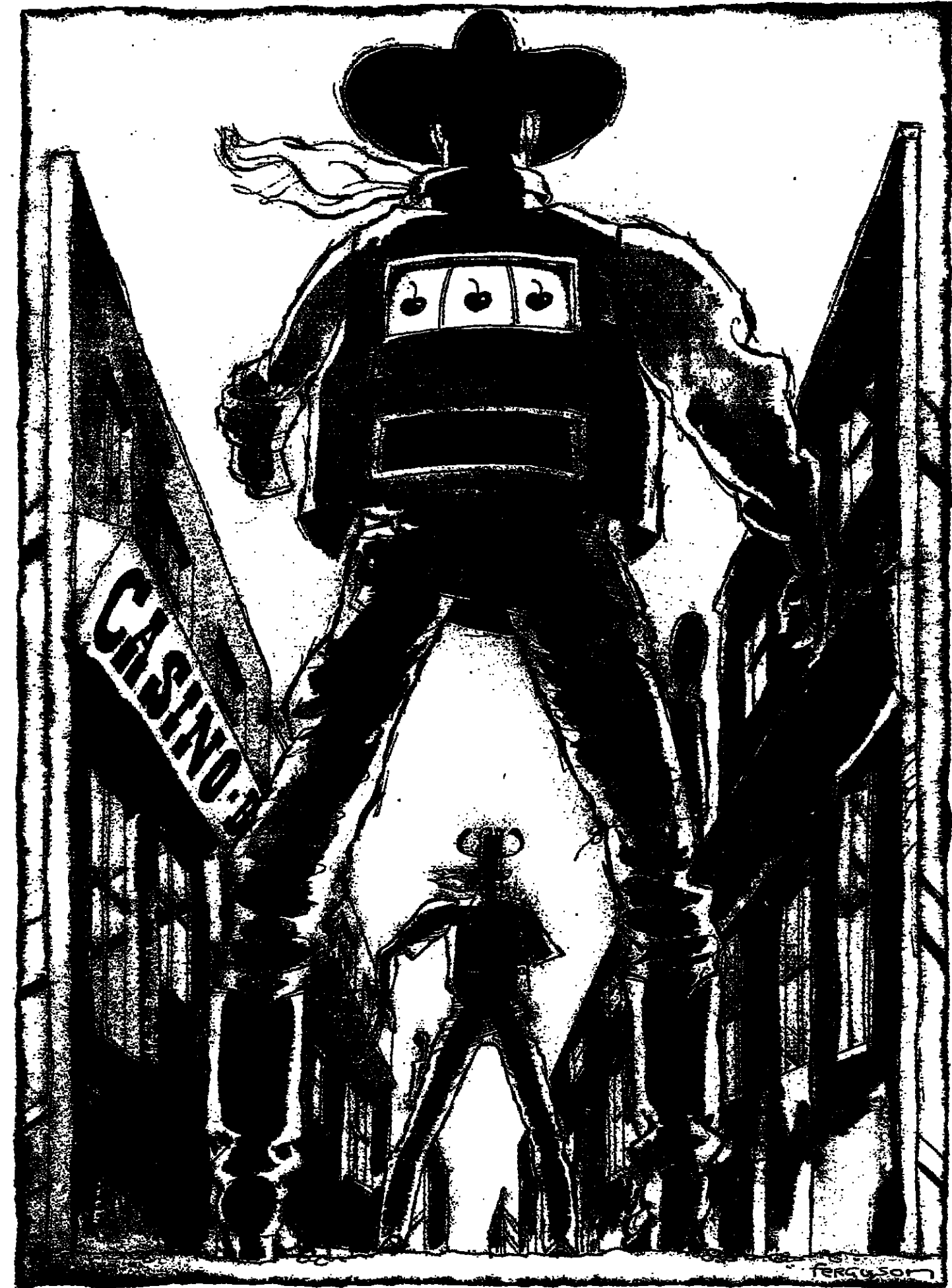
The trouble, says Central City (pop 310), is that Black Hawk (pop 60) is tearing them to pieces.

You would not guess it from a casual walk along Main Street and Eureka, where housewives and pensioners up from Denver, muffled against the snow, run between the casinos with yogurt pots full of nickels and quarters in their fists.

Behind almost every wooden storefront, each restored to its gold-rush glory, stands a regiment of one-armed bandits - "slots" as they are known - which burble, bloop and clatter to the sound of piped music. There are more slots upstairs, and bars, restaurants and tables for low-stake blackjack and poker.

There used to be queues outside the Teller House casino. No longer. "We're not actually making a loss here," says Roger Shattell, the former Illinois state legislator, English Lake District, who is the manager. "But we've had to be very smart, very clever."

For the past five years Central City's casinos have reported collec-



High noon with the village next door

tive losses, and their number has dwindled from 38 to 11. Meanwhile Black Hawk has enjoyed soaring annual profits. It has 24 casinos, staffed by commuting workers, and two vast new ones are being built. A third is awaiting approval. There is even foreign interest; the British-based leisure group Ladbroke is buying the company which runs the Bullwhacker casinos - two in the lower town and one, less successful, in the upper.

In Black Hawk's Gilpin Hotel, a woman was sitting in front of a slot machine, chain-smoking. The tray was full of dollar coins and she looked very tired. It was dark outside and snow was falling. The woman, who said she was a widow from Aspen, the fashionable ski resort, confessed in a cracked voice that she had been playing for two days. She had come with \$2,000, saved over the past six months, and was presently \$2,370 to the good.

"I reckon it's a cheap vacation," she said. "The more tired I get, the more it relaxes me. But I think I'll stop now."

Limited-stakes gambling was permitted in the two villages and also in Cripple Creek, about 80 miles to the south, after local pressure led to a state-wide vote in 1990.

The idea was to stop these communities becoming ghost towns, like so many other gold rush settlements before them. The bitter paradox is that Black Hawk, which had little heritage to preserve, is now undermining Central City which is crammed full of it.

Why did it happen? Not only did Black Hawk have fewer old buildings to cramp its expansion. It also has the better location. Gregory's Gulch widens out there, making room for car parks and big new buildings.

Also, the village lies on the state highway which leads to the Rocky Mountain National Park, whereas Central City is reached by a side road. The result is that gamblers who come by bus may find themselves dropped off in Central City, but car commuters may never even see it.

Furthermore, Central City did itself no good at all by declaring a

year-long moratorium in 1992. Residents had expected "a few slot-machines here and there", as the lady in City Hall put it, but were shocked when nearly every building was snapped up for gambling and property prices rocketed. So they called a halt to development.

Black Hawk cashed in. "They are glorying in it," says Charlotte Taylor, editor of Central City's newspaper, the *Weekly Register-Call*.

Central City's hopes of salvation rest on a \$30m road, which it wants to link it with the east-west interstate highway 70 that runs nearby. But the project has been stymied. First, a vital bit of land was bought up in an apparent blocking manoeuvre by Black Hawk interests. Recently a federal district court ruled that the proposed spur was not a state responsibility. So Central City has to find the money itself.

Both villages would benefit from better access; the road up from Denver is often jammed in summer and can be dangerous in winter. The real question up Gregory's Gulch is, who would benefit the

least? In the meantime, as they look askance at the building sites of Black Hawk, Central City's casino owners are praying that over-capacity will teach their inferiors a lesson. Both villages agree that the gambling market is growing, not least because Denver's economic boom is attracting thousands of immigrants from California and elsewhere.

But Black Hawk is already adding 1,800 more slots to the 5,300 it already has, and before too long its capacity could increase by more than half. Average takings seem bound to fall, and casinos with them.

All this is immaterial to the punters, of course. Among the hundreds of thousands of visitors to "the richest square mile on earth" there are plenty who scarcely know which place is which. So long as the wheels keep spinning, it's all the same to them.

A busy Black Hawk casino supervisor with a mobile phone clamped to his ear said: "There's no solution for Central City." And he smiled grimly.

A window seat on the bus to now

Paddy Linehan is acutely embarrassed in Afghanistan

The leaders of the Taliban now controlling much of Afghanistan heap scorn on the western world and its values. Many of their extreme perceptions of western morals and disposition towards them and their faith are gleaned from the media. But you wonder about the impact of chance encounters in the past, when passage into Iran and Afghanistan was easier.

Some westerners acted with a superior attitude that soured relationships. I was an embarrassed witness to one such incident.

When crossing from Iran into Afghanistan, that side of the border was so shabby it was almost homely. The only neat thing was a line of ancient battle-weary minibuses. I wasn't sure at first whether they were still in use. Suddenly, a madly waving young man sprang from one and approached me with good-natured emergency. "Queeki, queeki for Herat."

His urgency was convincing and I bundled in thinking he was about to take off. I was the first. About every half hour another soul made it over the border. He repeated his "queek, queek", so it took only seven or eight hours to fill the vehicle.

In the intervals we became acquainted. He wore the dark pyjamas and flat cap with rolled brim that is *de rigueur* in these parts - Chitrali caps they are called. He had a gold tooth that illuminated his frequent smile. He did one return trip to Herat every day, he told me. It was a good living and he enjoyed his life. "I like to meet the foreigner," he enthused. Not after today he wouldn't.

Mohammed was his name. At intervals he repeated his welcome like a mantra: *Ahlan Wah Sahlan*. His slowly assembling clientele was made up mostly of local travellers.

When we were almost full, three other westerners joined us. There was a quiet Danish guy, and Arlene and Gary from "New York City". Gary knew most things and Arlene was very busy with chewing gum. She displayed an amount of skin that a woman shouldn't in Afghanistan.

She chewed the gum with her mouth open. She would get a thin film between her lips and then she'd poke her tongue through it and flash it victoriously from one corner to the other. I wanted to shout out that I wasn't with them. But they imposed themselves on me for my protection.

Gary knew what these fellows were like and wasn't going to let them get away with anything. Mohammed started to collect his fares. It took a while before he got to the foreigners. Gary was watching with the keen eye of one whose main hobby is counting money.

"How much?" he accused Mohammed when our turn came.

"Two dollars, please," Mohammed smiled, proud of his English and oozing bonhomie. I reached quickly for the amount, anxious to divert the argument that I felt was swelling in Gary.

Standing up he said: "No way! I know the fare; you

don't rip off me and my friends. One dollar!"

I died with embarrassment. Everyone stared and Gary and Arlene loved it. They took it as admiration. Mohammed was shaken but he put his request once more. Gary replied with a dissertation about how things are done in the US. He was really educating these folk.

Mohammed was taken aback. He thought for a little while then shrugged his shoulders and walked away. Even from his back I could see he was deeply offended. And was Gary triumphant?

"See, that's the way to deal with these sharks," he boasted, still standing even after the bus had shuddered into motion. He was so puffed up by victory he couldn't stop swaying, like an ice hockey hooligan. I could find no safe place for my eyes. Everywhere they caught accusation.

We trundled along corrugated roads from desolation to desert. Gary eventually settled back into his seat with self-congratulatory shuffle.

She displayed an amount of skin that a woman shouldn't in Afghanistan

Arlene cuddled in close in approval and admiration of her man. The locals feigned disinterest. The ribbon of road seemed to stretch forever to the horizon. Every 10 or 15 minutes Gary would get a relapse of victory and have to stand up again to explain how he defeated these people at their game.

"That will teach him to rip off a United States citizen. You follow me Paddy, I'll see you right." It was just after one of these triumphant outbursts that Mohammed brought the bus to a deliberate halt.

It felt ominous. He turned off the engine. We were about 60km from the border and 50 from Herat. It was as desolate a place as ever I had seen. The sun was setting and nothing could be seen between us and the distant red horizon. The silence after the raucous noise of the engine was eerie. The wind whistled.

Mohammed came down the centre very slowly. He stood for a second and then said quietly: "Now, \$2, please." Gary's jaw dropped. You could see realisation slowly hitting him. I wanted to jump up and clap Mohammed on the back but instead I dived into my belly bag and held out \$2. He ignored me. He just waited while Gary scoured every pocket trying to think of a way out.

Eventually, he had to hand over. Not finished yet, this talented operator held his receiving hand up high, forcing Gary to reach up to it in clear view of all.

I am sure that at that moment was forged a strand in the mesh of resentment of things western.

Then it was prayer time; everyone got out and gave thanks to Allah.

Clouds gather over African skies

Michaela Wrong takes part in a revolt and - briefly - feels all the better for it

We were sitting under the shade of the trees when a third person approached and asked if we would like to sit inside the cauldron-hot airline office. We realised we were up against it - again.

A serious case of Waiting Room Syndrome (scientific name: expectans frustrans infinitum), familiar to the layman as a pronounced need to impose meaning on the universe by packing human beings into poky antechambers with no imminent prospect of liberation.

We had come across it repeatedly since arriving in the Democratic Republic of Congo. Whether asking for a ministerial interview or a briefing with a company boss, Waiting Room Syndrome kept rearing its head, usually preceded by Badgittis - the compulsion to give someone a tag, insist they pin it on, then never look at it again.

Congolese waiting rooms, in fact African waiting rooms in general, are all strangely similar.

The broken vase with plastic roses is *de rigueur*. So are the stained carpet, aromatic toilets in the corridor outside and the roof tilting that is slowly peeling away.

They specialise in manure-coloured sofas whose springs died long ago, which suck down the sitter like deep sea monsters. "Mettez-vous à l'aise," say the secretaries, gesturing you into the room with the seductive grace usually reserved for Congolese's cabin crew. Sink into these velvet traps, register the scores of resigned faces around you, and you know you are lost forever.

We tried not to play ball. We sought refuge in gardens, under the shade of the trees, explaining politely that the heat was stifling and we could be equally patient in the fresh air.

The level of irritation this caused was remarkable. One by one, secretaries, officials and *directeurs de cabinets* asked, implored and finally threatened us into accepting our fate.

And I suppose they were right. For to skirt the waiting room is to step outside the system, to refuse to acknowledge one's own unimportance. It means shrugging off the trance that immediately envelops those who assume the sitting position, in which the principle that a minister should keep them waiting hours, days, weeks or even months, is accepted without question.

When Waiting Room Syndrome is in full flood, you forget why you came or even which country you are in. A journalist friend describes waking with a start in a ministerial antechamber and

being ushered in to see the big man. Utterly befuddled, he had to undertake the delicate task, based on his interviewee's responses, of working out which

In a couple of hours you will no longer care if you are received at all

war-ravaged African state he was visiting. Give in to Waiting Room Syndrome and in a couple of hours you will no longer care if you are received at all. By the end of the

day, waiting will have become an end in itself and you will be masochistically looking forward to more of the same the following day.

I first came across the problem while working for Reuters in Paris, when door-stepping VIPs as they emerged from the president's palace or prime minister's office was part of the job.

It soon became clear that there was a cut-off point after which you might as well leave. For the first 45 minutes, you were still capable of peppering your victim with challenging questions. After that, you would be so deeply afflicted by Waiting Room Syndrome, usually manifested in an unhealthy interest in the photographer next to you, that François Mitterrand could have tripped headlong over the Elysée

cobbles without raising a flicker of interest.

That lesson, it seems, has been imbibed by the Congolese. They regard balking at the Waiting Room as deeply subversive, for it raises the possibility of anger.

Agree to enter and their relief is palpable. Now they can go and forget about you in peace, confident in the knowledge the person you arranged to see has no intention of returning to the office after lunch.

Only once did I see Waiting Room Syndrome fail to weave its magic spell. It was our third visit to the Angolan embassy in Kinshasa in search of a visa.

Like the dozen Congolese applicants around us, we had swallowed the increasingly surreal requests. We had squatted on the floor to fill in our forms, lent the

embassy official our spectacles so he could read our applications, guessed the age of the government press attaché in Luanda (61?) and acknowledged that green ink was unacceptable on official documents.

All to no purpose - it was clear no one that day would get a visa. But to our amazement, Waiting Room Syndrome suddenly evaporated as the traditionally patient Congolese rose to protest at levels of incompetence that made even the former Zaire look a model of bureaucratic efficiency.

It was a heady, heady moment as we crossed the invisible Waiting Room threshold and stormed the offices shouting for service and telling the Angolans they could take their diamonds and oil and go to hell. We supped on the spirit of revolution and it tasted good.

Of course, while we did so, the embassy officially closed. Visa applications will be accepted again on Monday, so please take your place in the waiting room.

From nursery rhymes to naval history

Jackie Wullschlager selects the perfect titles for family and friends

Big and bright as baubles, luscious, more fantastical than anything you would buy for yourself: a Christmas book should thrill a child, soften a Scrooge and indulge the extravagant in all of us.

My children's book of the year is an exquisitely witty *Emperor's New Clothes* (Walker Books, £10.99), set by Angela Barrett in a small kingdom during the belle époque just before the outbreak of the first world war, when fashions were decadent, courtiers corrupt, and crowds nervously fawning: the illustrations are a cross between George Grosz and Arthur Rackham. Naomi Lewis' translation is superb, and this elegant work would be a sophisticated present for anyone.

No story lives in the imagination longer than a child's picture book, and a wonderful way to begin a baby's library is with a classic which will also amuse parents. The quirky pictures in *The Orchard Book of Nursery Rhymes* (Orchard Books, £12.99) reflect the mysterious character and inconsequential humour of our heritage of rhymes. Faith Jacques sets them in the late-18th century, when they were first written down, and keeps to Georgian colours, fashions, wigs, hats, breed of dog (dalmatians for the rich, mongrels for the poor, whippets for a country vicar); social details are explained in an engaging postscript. P.J. Lynch's *Favourite Fairy Tales* (Walker Books, £12.99), consists of ten essential folk tales (Puss in Boots, Cinderella, Sleeping Beauty...) and is gorgeously illustrated, dramatic, intricate, and well told - is not overdone, as in many modern collections.

For a Christmas book which a baby can handle himself, Felicity Baker's chunky boardbook *Toys on Stage* (Bloomsbury, £4.99), shaped like a theatre, full of cuddly creatures putting on a pantomime, is first choice: the simple verse reads well out loud. Clement C. Moore's

The Night Before Christmas (Collins, £12.99), beginning in hushed suspense, rising to the rollicking crescendo of Santa Claus' arrival, is a familiar Christmas recitation in many homes; Christian Birmingham has stunning illustrations to this and to *A Classic Christmas Treasury* (Collins, £12.99), a mix of carols, stories, poems: thickly-layered paint, giant impressionistic sketches of sleigh rides and snowflakes.

A perfect family parcel would be this pair, epitome of old-fashioned glamour, packaged up with a couple of "cool Yule" Disney videos. The inventive refashioning of tradition makes Disney the true heir to the great 19th-century storytellers. The re-released 1950 *Cinderella* (Disney, £16.99), all shimmering stars and floating carriages, is the most wistful fairy story on celluloid; its comic little/large subplot of stepmother's cat versus Cinderella's mice books even very young children. The new prequel, *Beauty and the Beast: The Enchanted Christmas* (Disney, £15.99), zooms back to Beauty's days as a prisoner and her attempt to warm Beast's castle with the spirit of Christmas. Like all prequels it is over-literary, but it is also romantic, funny, frightening and enthralling at all levels. A toddler laughs at the walking candles, an adult at the trick by which a Christmas gift of a fairy-tale book saves and humanises Beast.

Among modern classics, Jane Hissey's *Old Bear Stories* come in a boxed set (Hutchinson, £14.99), imaginatively designed for young readers; there is a 40th anniversary edition of Dr. Seuss's *The Cat in the Hat* (Collins, £12.99), and a complete *My Naughty Little Sister* (Methuen, £20) - quaint but popular - illustrated by Shirley Hughes. *The Roald Dahl Treasury* (Cape, £19.99), which includes new illustrations by Quentin Blake, is a feast for all ages.

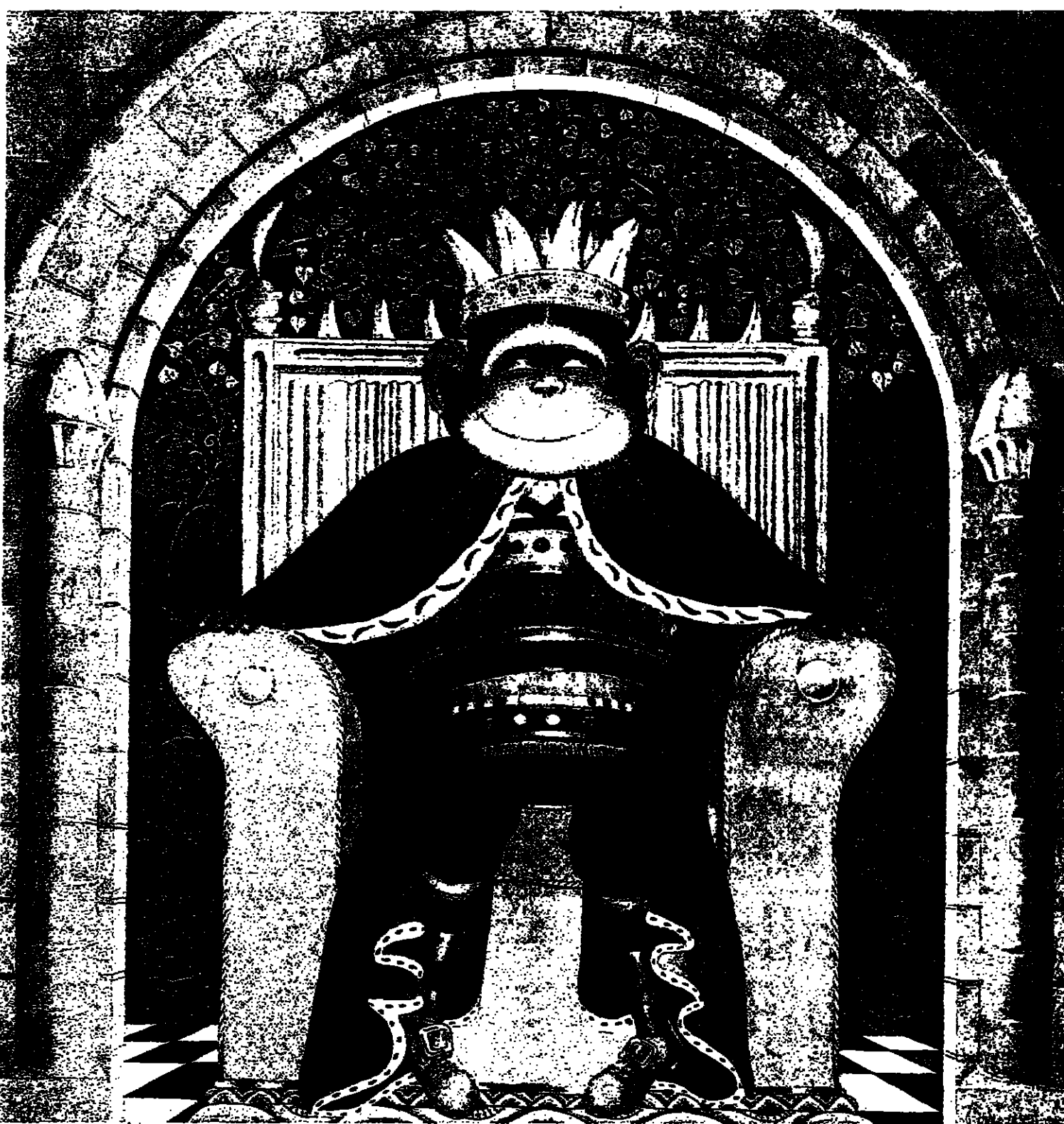
Two-to-three-year-olds like

to stroke the paint in Jane Carbrera's voluptuous *Cat's Colours* (Mammoth, £4.99); Deborah King's idealistic *The Flight of the Snow Goose* (Collins, £9.99) is another original picture story. In the popular 1990s genre of books, which are more than books, Lucy Cousins' magnetic *Katy Cat and Beaky Book's Playsets* (Walker Books, £14.99) is exceptional; the *Secret Fairy Handbook* (Orchard Books, £9.99), with pull-out tiara, wings, doll, will overwhelm pink-frocked under-fives, while older twirlers will like the stylish modern *Nutcracker* (Cape, £19.99) illustrated by Roberto Innocenti. Also of wide appeal: Jostein Gaarder's *Enid's Little Sister Therese* (Orion, £10), and a set of tapes, boxed into a mini-wardrobe with a lion on the front, of *The Chronicles of Narnia* (BBC, £49.99).

In the last decade, publisher Doring Kindersley has transformed children's reference books with wit and glamour. For the 10-plus age, irreverent yet informative illustrated histories: *History - The Really Interesting Bits* (DK, £12.99), child-friendly at a mere 30 (large) pages, and *Junior Chronicle of the 20th Century* (DK, £25). *The Eerie More Amazing Science Pop-Up Book* (Franklin Watts, £15.99) is a sequel to the first pop-up science book, which sold over half a million copies.

Children will like to get their hands on the maps, photos and mementoes flapping out of *Sammy Dog's Atlas* (Collins, £9.99), while Doring Kindersley's new family *World Atlas* (DK, £40), clear, comprehensive, with photographs and computerised terrain modelling, is exhilarating.

Oasis: The Story (Bloomsbury, £5.99) is the book to convert non-reading teenagers; and Roald Dahl's *Revolutionary Recipes* (Red Fox, £6.99), with contributors from Willy Wonka (chocolate puddings) to the BFG (brobscotchie and snazzy) is the funniest cookbook I know.



King for a day: In "Willy the Dreamer" (Walker Books, £9.99), Anthony Brown's latest children's book about a timid but imaginative chimpanzee, Willy dreams that he is a film star, a ballet dancer, a beggar and a king. Children relish the surreal humour while parents will enjoy painterly allusions and an appearance by Sigmund Freud

Rich pickings for armchair activists

Among adults, the Cook, the Wine-lover, the Gardener and the Health Freak are easy to please. Armchair gardening, a winter evening's pleasure, demands fine prose and elegant design. Graham Stuart Thomas' *Cuttings from My Garden Notebook* (John Murray, £25) is authoritative on the art and craft of any sort of gardening, and a joy to read. Monty Don's *Gardening Mad* (Bloomsbury, £16.99) is zany and dead-pan; Page Dickey's *Breaking Ground: Portraits of Ten Garden Designers* (Artisan, £45) is a big reference work on garden style.

For the intellectual cook, you can't better Claudia Roden, last of the scholar-cooks in the tradition of Elizabeth David and Jane Grigson: her books are learned, Jewish, delicious. *The Book of Jewish Food* (Viking, £20), "an Odyssey from Samarkand and Vilna to the Present Day" is definitive; her *Invitation to Mediterranean Cooking* (Pavilion, £19.99) light and bright. The eclectic will go for Josefine Dimbleby's *Complete Cookbook* (HarperCollins, £20); for the fam-

ily snob, offer Malcolm Hillier's *Entertaining* (Dorling Kindersley, £30), tasteful guide to the fig-and-feta-salad '90s, or Georges Perrier's *Le Bec-Fin Recipes* (Routledge, £35), from the French restaurant in Philadelphia often rated the best in the US. Lifestyleists will like Michael van Straten's *Foods for Mind and Body* (HarperCollins, £19.99) and the *Encyclopedia of Complementary Medicine* (Dorling Kindersley, £29.95), realistic, not too pious. Anyone who enjoys fine

living will plunge into the assessments of wines, profiles of producers, detailed maps, in *The New Sotheby's Wine Encyclopedia* (Dorling Kindersley, £35).

Nostalgia probably drives choices of gifts for got-everything parents and grandparents. Of aesthetic interest are Valerie Steele's *Fifty Years of Fashion: New Look to Now* (Yale, £24.95), and *Photography: An Independent Art* (V&A Publications, £30). Mark Haworth-Booth's chronicle of photographs 1839-1996. His-

ories for highbrows: *A Grand Design: The Art of the Victoria and Albert Museum* (V&A Publications, £40), published to accompany the massive exhibition of the museum's history which is touring North America and arrives in London in 1999. Robert Gottlieb's *Reading Jazz* (Bloomsbury, £20), and N.A.M. Rodger's *The Safeguard of the Sea: A Naval History of Britain 660-1649* (HarperCollins, £25). Sorry to be sexist, but granddads are likely to go for Andrew Fran-

kel's *Dream Cars* (Weidenfeld, £25); the centennial edition of *Jane's War at Sea 1897-1997* (HarperCollins, £30) and Richard Overy's *Bomber Command 1939-45* (HarperCollins, £20). And so to lovers... As an erotic invitation, I would be swept up by *Correggio* (Yale, £45). The jacket has a passionate lo waiting for Jupiter to descend; the book dazzles with languorous nudes and grave Madonnas; David Ekserdjian's text is art history at its best, incisive,

broad, a revelation of the mythological and sexual in the artist's work. For the idiosyncratic, the catalogue of the Washington show *Lorenzo Loto* (Yale, £40), restless, little-known Renaissance artist, is unusual, or the pioneering *Egon Schiele* (Yale, £40); how sexy are his explicit nudes? For the homey, *Carl and Karin Larsson* (V&A Publications, £35) - watercolours of idyllic intimacy, interiors for country houses. And star on the tree: *Three Thousand Years of Chinese Paintings* (Yale, £30) - exotic, beautiful, beguiling, and so luxuriously fat that you need four hands to hold it.

How to come up trumps

Paul Mendelson on the pick of the year's bridge books and software

A typically forthright friend informed me that the only purpose of a bridge book is as a poor substitute for three missing players.

A couple of hours curled up in front of the fire with an engrossing volume on your favourite pastime should be an enticing prospect. Sadly, however, my friend is correct, and the reality is a poorly printed, carelessly proof-read tome, weighty, not from gravitas, but from thick blocks of self-satisfied, gently mocking prose and impenetrable diagrams.

Bridge authors, it seems, like nothing more than to wag their finger at their readers. For the buyer of gifts for the bridge player, the potential for disaster is great. To come up trumps, I suggest the following publications. *Bridge Players Bedside Book* by Tony Forrester (Corgi Books, £12.95) is perfect for players of all standards, with its

combination of witty anecdotes, stories of famous games, and useful tips. It is ideal holiday fare. Its style imitates the addictive quality of the game - you want to see the next hand, and the next...

For the social player or improving student, slams remain a foreign territory, entered tentatively and left with emotional scars, and the acid taste of smug opponents in the back of the throat. But Alan Mould's *Step-by-Step Slam Bidding* (Batsford, £8.99) explodes many of the myths and explains, with wit, patience, and great clarity, the correct approaches.

Unlike many writers, Mould abandons a proselytising, dogmatic tone, and explains all the options, gently entrusting the reader to further research and practice. The learning process is thus a thoroughly pleasant one.

Anyone who has not yet read Larry Cohen's now classic, *To Bid or Not to Bid* (Cassell, £10.50) should buy it now, lock themselves in a well-lit room, and devour it before setting foot in their club again. Not only does it offer excellent advice for competitive auctions, low and high, it sweet-talks the mind into the true bridge

world of 52 cards, and away from the 13 or 26 with which most players are obsessed. Children of our multimedia age are doubtless frowning at these earthbound options. However, computers which attempt to play bridge have been, and remain, almost completely inept.

Even so, I strongly recommend two software titles for your PC which test your card-play, moving the outstanding cards into unfavourable positions until you find the correct line. Fortunate as that may sound, they are challenging, instructive, and highly entertaining.

Bridge Master for Windows, by the Canadian International Fred Gitelman, and *Counting at Bridge* by Mike Lawrence (£49.95 and £39.95 respectively, from specialist shops, such as Chess and Bridge Ltd: 0171-388 2404) represent genuine improvements over the printed page.

Finally, for a daily fix, the unimaginatively named *Daily Bridge Calendar 1998* (£14.99, available only from Mr Bridge, Ryden Garden, Bissley, GU21 2TH), provides a daily bridge problem, with the solution overlaid from one of the team of famous players. Once on your desk, you will hurry into work with renewed verve and vigour, just to reveal the new conundrum. That's the theory anyway.

In terms of sales and global impact, there was only one business book of 1997: Scott Adams' *The Dilbert Principle* (Harper Business, £9.99). The cartoon strip now comes in a variety of formats and books. It is everywhere. Some regard the success of the cartoon character as a sign of the bankruptcy of corporate life and of management literature in general. Others have a sense of humour.

At the more thoughtful end of the business book spectrum, 1997 was an excellent year. Few books can match the intellectual panache and rigour of Sumantra Ghoshal and Christopher Bartlett's *The Individualized Corporation* (Heinemann, £20). London Business School's Ghoshal has cemented a place for himself as one of the true business heavyweights. In this sequel to the influential *Managing Across Borders*, he and Harvard's Bartlett identify three key "core capabilities" to create the individualized corporation. These are the ability to inspire creativity and initiative; the ability to link pockets of expertise and entrepreneurial activity; and the ability to constantly renew the organisation and its product even if that requires making its own products obsolete. Few meet the criteria. Indeed the only caveat with the book is that it includes many of the usual suspects - such as Motorola, Intel, 3M and ABB - featured in other papers to best practice.

The big idea of the year has been knowledge management or intellectual capital. Indeed, such was its popularity that three books carried the title *Intellectual Capital*. The best of the three comes from Thomas A. Stewart of

Wit, wisdom and buzz words for corporate citizens

Stuart Cramer chooses the most instructive, illuminating and amusing business books

ines corporate longevity. Why is it that the average life expectancy for companies is a mere 12.5 years? How can, and do, companies survive? The survivors are labelled by de Geus as "living companies". These include the 700-year-old Stora company and the youthful DuPont, a mere 200 years old.

The living companies are, says de Geus, dedicated to long-term development. Managers regard themselves as "stewards" rather than as temporary functionaries. Here, somewhat in Peter Sellers' (*Being There*) vein, de Geus brings in the homespun image of managers as careful gardeners, encouraging growth and renewal, but willing to scythe away when necessary. The image is bordering on cliché, but that does not mean that its message can be ignored or that it is easily achieved.

The big idea of the year has been knowledge management or intellectual capital. Indeed, such was its popularity that three books carried the title *Intellectual Capital*. The best of the three comes from Thomas A. Stewart of

Fortune magazine. His *Intellectual Capital* (Nicholas Brealey, £16.99) presents a well-written way in to a subject which is deeply bedded in jargonistic vagueness.

"Knowledge has always mattered, but two things have changed," says Stewart. "First, as a percentage of the value added to a product it has grown to be the most important thing. Costs used to be 80 per cent on material and 20 per cent on knowledge - now it is split 70-30 the other way. Second, it is increasingly possible to manage knowledge." It is this second element which forms the more innovative section of Stewart's book as he maps out the means by which knowledge can be managed. His examples are drawn chiefly from the US - General Electric, Hewlett-Packard and Merck - as well as the obligatory study of Scandinavian knowledge-masters, Skandia.

Perhaps the most important element in Stewart's book is that he puts intellectual capital in context while posing some of the big questions it throws up.

Managing intellectual capital may provide long-term answers - and, if it fails, what could take its place?

For those looking East for inspiration - or with concern - there is *Mastering the Infinite Game* by Charles Hampden-Turner and Fons Trompenaars (Capstone, £18.99). They argue that cultural differences have been vital in the massive and dramatic success of the East Asian "tiger" economies.

While western managers play "finite games in which individuals win or lose by specific criteria in universal contests", East Asians play an infinite game "with rules which are adapted by the exceptions they encounter, with contests from which all players learn co-operatively".

Equally thought-provoking is the latest philosophical

instalment from Charles Handy, in *The Hungry Spirit* (Hutchinson, £14.99) the formula is much the same as in Handy's previous bestsellers. His voice is quietly insistent, his arguments lucid rather than dense. Companies must acknowledge their wider social responsibilities if they are to continue to be the major institutions of our society. Corporate citizenship must become reality rather than a phrase in annual reports. The overall effect is as if the facts of life had just been explained to you again - it is all so painfully obvious, why don't companies behave like that?

If he ever wanted to become a full-time barnstorming guru, Charles Handy could take a few lessons from Stephen Michael Peter Thomas, "the most talked about and influential business consultant the world has ever seen". Thomas is the author of *The Book That's Sweeping America* (John Wiley, £14.99) and has launched a thousand buzz words including "Layered Niche Re-engineering (LNR)", "Shaker Benchmarking" and, perhaps most profoundly of all, "Open Book Reading". Cynical, but it is a splendid debunking of the world of management gurus.

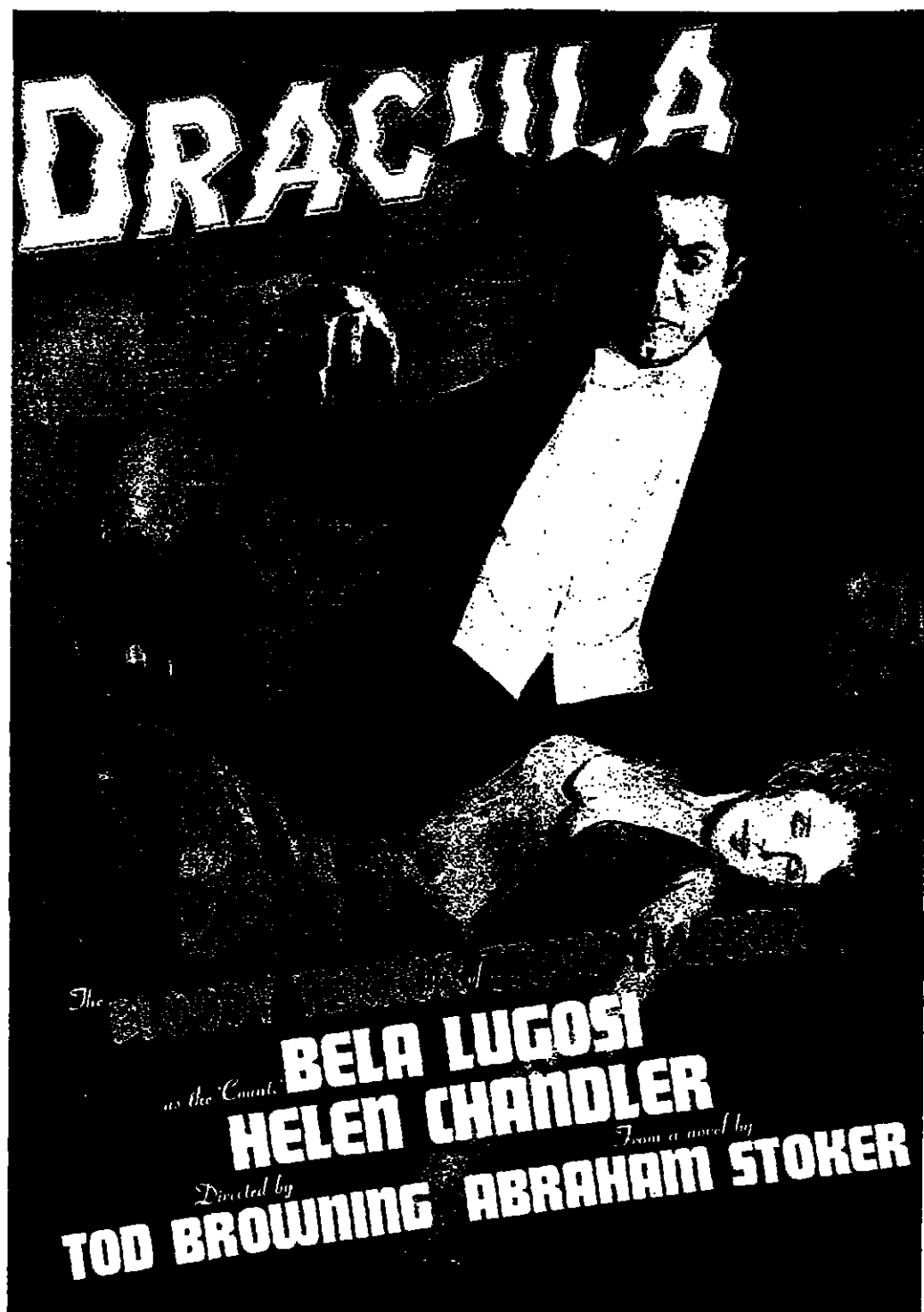
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BOOKS



Horror's heyday: a poster for the 1931 Universal film version of 'Dracula'

A celebration of celluloid superstars

For film buffs, Nigel Andrews sifts through biographies of Hollywood dream-makers and icons and seriously absorbing studies of cinema history

It was a strong year for biographies, especially ones about monomaniacs. Directing films is not a job for shy souls, as Patrick McGilligan's *Fritz Lang: The Nature of the Beast* (Faber, £20) and John Baxter's *Stanley Kubrick* (HarperCollins, £20) proved, along with three books about that iron will in a boyish frame, Steven Spielberg.

It is an advantage to be tyrannical, tunnel-visioned and careless of a bad press. McGilligan's portrait of the gifted Teuton who fled Hitler's Germany (rather more hesitantly than he later claimed) is absorbing. He presents Lang the liar and opportunist alongside Lang the sculptor of our dreams: the man who made *Metropolis*, *M* and *Fury*.

Stanley Kubrick, too, is a love-hate movie figure as seen by John Baxter. Whether he was marching cripples into his extras' army in *Spartacus*, or steering stars towards nervous breakdowns, or planning a change of image for Julie Andrews with mainstream cinema's first hard-porn feature (scripted but never made), here is proof that one man's self-fulfilling vision can drive everyone else close to distraction or destruction.

Then, most curiously of all, there is Master Spielberg: for some the boy who never grew up, for others, notably John Baxter again (HarperCollins, £18), a sharp wheeler-dealer carefully designing his image and output. Even *Schindler's List* does not escape the questioning press. Baxter asks: Was the film a truthful, tragic fresco of the Holocaust or a Jewish director's

shrewdly pious calling card for the Oscar voters?

Spielberg's two other biographies, Andrew Yule (Little Brown, £19.99) and Joseph McBride (Faber, £17.99) are more evangelical about his artistry and imagination. But there is a nagging feeling, even after reading these, that the man who made *Jaws*, that wondrous blend of popcorn action cinema with mythopoetic human drama, never quite reached the same heights again.

It is the mark of a movie superstar to be recycled by the biography industry every year. Or it seems that often with men like Wayne, Bogart and Eastwood. The last is lucky: he is still alive, so the iconoclasm industry is only limbering up. And culling words from Eastwood himself, author Richard Schickel (Jonathan Cape, £17.99) is not about to bite the man who feeds him the quotes.

By contrast, A.M. Sperber and Eric Lax freely tear the coverlets off their hero's troubled married life in *Bogart* (Weidenfeld & Nicolson, £20) while Gary Willis's *John Wayne: The Politics of Celebrity* (Faber, £20) combines an impressively minute exegesis of the Duke's screen persona – the walk, the voice, the loose-hipped stance (reminiscent, says Willis, of Michelangelo's David) – with a robust exposure of Wayne's off-camera shortcomings, including his second world war conscription-dodging.

The film book industry can seem over-dominated by the celebrity biography – but what

can you do? Those who do not want to read them seem to want to write them. There is an eternal, mesmerizing fascination in the match/mismatch between the fallible mortal off screen and the icon on it. Perhaps the faultlines in the first even become, by art's metamorphic surgery, the veins and arteries of life in the second.

Some authors, though, bravely toll in the sweatshops of non-starry film study. I have never been a frontline admirer of producer David Puttnam's brand of morally uplifting populism (*Chariots of Fire*, *The Mission* and company), though I half-respected his Quixotic year spent tilting at the Hollywood windmills as Columbia president. But *The Undeclared War* (HarperCollins, £18) is a serious, cogent study of film finance and power play in the age of GATT and Europe/American stand-off. It should be read as a good diagnosis, even if you disagree with some of the remedies.

Three other historically inclined books are worth a browse. *Backstory 3: Interviews with Screenwriters of the 60s* (University of California Press), edited by Patrick McGilligan, is an interview-led journey through cinema's most sombre decade, when the screen throbbed with post-Dallas issue movies and problem dramas. Contributors like Stirling Silliphant (*In the Heat of the Night*), George Axelrod (*The Manchurian Candidate*) and Irving Ravetch and Harriet Frank (*Hud*) conjoin to define a decade. Linda Schulte-Sasse's *Enter-*

taining *The Third Reich* (Duke University Press, £17.95) is subtitled "Illusions of Wholeness in Nazi Cinema." Schulte-Sasse argues a powerful case for the quality of popular German movies under Hitler, even some of its propagandist ones, forcing us to swallow our preconceptions or at least chew questioning on them.

Best of all is *The BFI Companion to Horror* (Cassell, £19.99), edited by horror buff and author Kim Newman. An encyclopedia of the ghoulish, its unerring accuracy is matched by dashing, insightful writing from the likes of Christopher Frayling and Philip Strick. Graphic pictures, and plenty of them.

If your quest for Christmas gifts is still unfulfilled, you can always ransack Curio Corner. Here we find Mia Farrow's memoir *What Falls Away* (Doubleday, £16.99), in which the actress reminisces on life, love and (take cover) Woody Allen; Chris Rodley's *Lynch On Lynch* (Faber, £15.99), a piquant platonic dialogue with the maker of *Blue Velvet*; *The Act of Seeing* (Faber, £14.99), more philosophical doodlings from Germany's Wim Wenders; *Conversations with Pauline Kael* (University Press of Mississippi, £42), lively *à-la-carte* with the doyenne of American criticism; *Who Is Andy Warhol?* (BFI, £13.99), an anthology of essays about the genius with the rictus smirk and raffia hair; and the train-spotter's true delight, *Parallel Tracks: The Railroad and Silent Cinema* by from Lynne Kirby (University of Exeter Press, £12.95). Anoraks at the ready.

A walk through the trenches

After a certain time the past slips off the edge of memory and into history: there are surely no soldiers alive who remember the Boer War. But as Stephen O'Shea relates in *Back to the Front*, his account of walking the length of the Western Front, there are still more than 1,500 surviving French veterans of the first world war. Unfortunately, O'Shea did not seek out any of them on his travels.

The idea for this book is a good one. The scars of the Western Front, which stretched for 450 miles from the North Sea to the Swiss border (from 1914-18 one could have walked the entire route without sticking your head above the ground) are an invitation to a journey back into the past. And O'Shea, Canadian grandson of an Irishman who was wounded at the Somme, is a personable travelling companion, picking his way past unexploded shells, scrambling into overgrown and forgotten stretches of trench.

He knows his war, too. At every battlefield he has another tale of appalling stupidity and waste: 60,000 dead or wounded in a morning at the Somme; 90,000 sucked so deep into the Flanders mud that their bodies were never found. Other, lighter, stories are also revealing, such as the British sergeant at Mons who decided not to post a look-out on one side of an encampment because, "The enemy would hardly come from that direction. It's private property," or the real Alvin York, later played by Gary Cooper in the film *Sergeant York*, whose comment after picking off 28 German soldiers was, "It weren't no trouble now for me to hit them big army targets. They were so much bigger than turkeys' heads."

But these are third or fourth hand accounts, taken from other books. As well as the French veterans, O'Shea fails to speak to any local people about family memories of the war, or their own experience of living in the shadow of this landmark of horror. (For example, farmers have steel shields on their ploughs to

protect them from the "iron harvest".) The one time he does recount a meaningful conversation with a Frenchman, who talks of his village a valley away as being another country, the words echo back, making you think how strange it must have been for these unworldly peasants to find great armies digging in at the bottom of their fields. What makes the past

BACK TO THE FRONT
by Stephen O'Shea
Robson Books £16.95, 205 pages

WAR WALKS 2: FROM THE BATTLE OF HASTINGS TO THE BLITZ
by Richard Holmes
BBC Books £16.99, 224 pages

flicker into life is not slowly softening indentations in the land but people's stories: witness the greater power of the recent fictions of the first world war, Pat Barker's *Regeneration* trilogy and Sebastian Faulks' *Birdsong*. *Back to the Front* is a lively introduction to the history of the Western Front, but if O'Shea had spoken to the people who live along this human fault-line he might have dug up a lot more than barbed wire and rusted bullets.

One rather older battlefield than the Western Front could do with the odd rusted weapon popping up out of the ground. The battle of Bosworth, where Richard III was killed, is located in one place by the local council, half a mile away by English Heritage.

To a war buff like Richard Holmes this is merely a mystery to quicken the pulse. *War Walks 2* is the book accompanying his current BBC2 series, which he presents, at times, in armour, from the saddle of a horse. On the page his material is rather dryer, a bit like a school project. His other battlefields are Hastings, Naseby, the Boyne, Dunkirk and the Blitz. For each he gives a potted history, a description of the battle and a guide to the site.

Jeremy Gavron

In a year overshadowed by widespread distaste for the paparazzi's actions surrounding the death of Diana, Princess of Wales, the past 12 months have also yielded strong evidence that not all photographers operate in a moral vacuum. Indeed, two of 1997's essential photographic books show a compassionate response to suffering that exceeds expectation.

Swiss photojournalist Daniel Schwartz and Czech-born Antonin Kratochvil both invest rare levels of personal involvement in their reportage. *Delta* (Thames and Hudson, £26), Schwartz's investigation into the "perils, profits and politics of water" in South and South East Asia, may not seem a subject to set the pulse racing, but his stark images of flood victims and child labourers gradually build into an exceptional critique of misrule and exploitation. Backed up by scrupulous economic research, this is a visual *J'accuse* that never lapses into strident breast-beating.

There is similarly controlled anger in Kratochvil's *Broken Dream* (Monacelli Press, £35), the bitter fruit borne of his journeys among eastern Europe's dispossessed. His wretched pictures of impoverished Czech gypsies and Romanian beggars are soaked in the smog and filth of their scabrous landscapes and display a repulsion for the "shameless politicians, corruption and pollution" which Kratochvil blames for their plight.

If both books share a keen sense of ethical concern, the issue of moral conscience is rather more clouded in *Requiem* (Jonathan Cape, £40). Edited by Tim Page and Horst Faas, who worked and were wounded in Vietnam, this sombre memorial to the 135 war photographers who died covering conflicts in Southeast Asia pays tribute not only to principled participants such as Larry Surrows (shot down in a helicopter) and Robert Capa (disembowered by a landmine), but also the ragbag of war junkie photographers who flocked to Vietnam for "the glory, the money and the thrill".

Admirably, *Requiem* gives them equal recognition (together with their opposite numbers in the Viet Cong) as it traces the region's descent from rural serenity to unspeakable scenes of torture and execution. Accompanied by a punchy account of the politics of the times and absorbing personal histories of each photographer's motive and demise, this moving eulogy is the year's most required purchase.

Elements of reportage also crop up in the grainy monochromes of German fashion photographer Peter Lindbergh – but then so do most things. A veritable magpie, Lindbergh pilfers images

Images which speak louder than words

Reportage, compassion, beauty and wit – Richard McClure leafs through the finest photography books of 1997



This image of three little fairground pigs being managed by three sharply differentiated little girls in 'Fairground, Paris' by Jules Seeberger, 1900, was well ahead of its time. Taken from 'The Photography Book' (Phaidon, £25)

from film, dance and 1960s photography, weaving them with aliens and angels from his own fertile imagination to create works of warmth and elegance.

It is the nimbleness and range that impresses most in his first retrospective book, *Images of Women* (Art Data, £70). Although *Images of Women* (Art Data, £70). Although Lindbergh never strays far from the usual cast of supermodels, he always makes us view them afresh. Whether in closely cropped headshots of Linda Evangelista or Milla Jovovich seen only as a

shadow on the sand, he brings a gleeful panache and affectionate humanity to the medium that even photographs of Pamela Anderson cannot spoil.

Lindbergh may be known in the fashion industry as "the man who adores women" but he falls some way short of matching Alfred Stieglitz's ravishing portraits of Georgia O'Keeffe. Mostly taken during the 1930s at the height of the photographer's devotion to his muse's unusual beauty, *Georgia O'Keeffe*

Portraits by Alfred Stieglitz (Abrams, £90) was first published in 1978 to mark the artist's 90th birthday. Now reissued to include recent donations to the permanent collection at New York's Metropolitan Museum of Art, it remains an unparalleled achievement. Exquisitely reproduced, O'Keeffe's charismatic, knowing face and voluptuous body continue to captivate and the 80 brooding images form a portfolio of passionate veneration, amply supporting Stieglitz's

claim that "When I photograph, I make love."

In contrast to Stieglitz's belief in photography as a means of artistic expression, *Beauty of Another Order* (Yale University Press, £45) relates the camera's alternative history as an agent of science – from its early use in Victorian studies of anatomy and motion to Harold Edgerton's stop-action shots of bullets in flight and the Hubble space telescope's mosaic-like images from the edge of the cosmos. A handsome, coherent book, its col-

lection of perfectly pitched academic essays and glorious array of Heath Robinson inventions is guaranteed to engage even the most dedicated technophobe. Zoopraxiscopes and chronophotographic synthesizers have never been so riveting.

The book includes one of photography's earliest images – Fox Talbot's 1839 shadowgram of a leaf – a subject which is revisited by fashion photographer Nick Knight in *Flora* (Art Data, £40), a striking collection of dried plant specimens from the herbarium at the Natural History Museum. Many photographers have been drawn to botanical studies before, but Knight's acute observation of contour and colour gives his Nepalese herbs, African waterlilies and 19th-century orchids a fragile and wholly original effulgence. In Knight's hands, this library of pressed flowers become fragments of wonder, with more than a nod to haute couture: a tropical bloom, so kaleidoscopic as a Todd Oldham dress; algae as brittle and gilded as Philip Treacy hats.

Knight is just one of the entries in *The Photography Book* (Phaidon, £25), a useful and unpretentious taster anthology of the 500 snappers judged most worthy of our attention. Like its predecessor, *The Art Book*, the meagre 200 word texts are redeemed by a deft selection of images and a comprehensive choice of historic and contemporary figures. A pity, though, that its editors lacked sufficient prescience to include Lauren Greenfield, a 31-year-old Californian whose first book, *Fast Forward: Growing up in the Shadow of Hollywood* (Booth-Clibborn Editions, £24.99), has swiftly promoted her to photography's premier league.

Originally turned down by 30 publishers, Greenfield's four-year survey of the pampered lifestyles of ultra-rich teenagers in her native Los Angeles has become hot property in Hollywood where the film rights have been optioned by Tri-Star Pictures. One wonders whether the studio executives truly appreciate Greenfield's implicit eye. Laying bare a world of indulgent parents whose precocious offspring sport all the trappings of privileged adolescence (nase jobs, sports cars and personal trainers), Greenfield's pictures are saturated in the cartoon colours of the entertainment industry she holds responsible for this blurring of childhood and adulthood.

At once cautionary and comic, Greenfield expresses unease at the consequences of innocence lost while simultaneously reveling in the absurdities of a tasteless excess which makes Macaulay Culkin look positively underprivileged.

ARTS

Slavery on the high seas

Great subject, shame about the treatment writes Andrew Clark about 'Amistad' the opera

New American opera is a problematic species. Too generic to be original, too expensive to be daring, it nevertheless keeps on trying to convince us that the art form is alive and kicking. Its latest manifestation is Anthony Davis's *Amistad*, which has just received the full treatment at Chicago's Lyric Opera. *Amistad* recounts an incident in the anti-slavery campaign from which everybody — blacks and whites — emerges with a clean record. This is an opera with an agenda. Blacks get to tell their story in a temple of white culture; whites can satisfy themselves that opera is not, after all, a racist art form. The only problem is the material: *Amistad* is politically correct, musically wooden and dramatically stillborn.

More's the pity, because the story is a good one, involving drama on the high seas, skulduggery, voodoo and idealism. Soon it will be showing at your neighbourhood cinema, thanks to Steven Spielberg's new film. It is pure coincidence that

Davis's opera has come to fruition at the same time. Wherever you catch up with it, *Amistad* is now guaranteed a place in American folk legend.

La *Amistad* — the word means friendship in Spanish — was a slave ship commandeered by captive Africans off the Cuban coast in 1839. Having slaughtered most of the white crew, they tried to sail back to Sierra Leone but were thwarted by their Spanish navigator, who had the schooner run aground off New York. Captured and jailed, they were championed by former US president John Quincy Adams and other abolitionists, and eventually won their freedom — in what is now being touted as the most significant anti-slavery victory before the Civil War.

Here is a tale of vivid contrasts, climaxes and characters, all of which Davis proceeds to flatten out. Despite a colourfully worded libretto by his cousin Thulani, full of lines like "Gods are greater than men, not nice", the narrative is shapeless, with little sense of conflict or dramatic development. There are too many distended solos

addressed to the audience, and much of Act 2 is a repeat of Act 1, told in a series of flashbacks in court.

The most promising roles are two African deities, the boastful Trickster God and an Erda-like Goddess of the Waters. But after a portentous opening soliloquy, the Trickster melts into the background, while the Goddess makes a single, superfluous appearance on her own. With his big set-piece speeches in court, Adams is cut out for heroic treatment; Davis makes him sound boring and ponderous. Davis and his cousin, whose previous operas include *Malcolm X*, need some basic lessons in shaping a drama.

Ironically, the racists get the best music, thanks to Davis's paunchy caricatures of navigator and anti-abolitionists. Other cases of inspiration include a reflective soprano lament for Margu, the slave-girl and a smoky prisoners' chorus, cast in the vein of a negro spiritual. There is a lot of symphonic jazz, not all of it dramatically apposite, and the finale is an upbeat chorus which would be more at home in a musical.



Politically correct, musically wooden and dramatically stillborn: scene from 'Amistad' at the Lyric Opera of Chicago

George Wolfe's staging, on a simple, evocative set by Ricardo Hernandez, mirrored these strengths and weaknesses. Everything conformed to racial stereotype — noble savages versus hypocritical whites — but at least the whites came

across as credibly human, warts and all. Wolfe's choreography of New England society, gawping at the captured slaves like animals in a zoo, was splendidly in graphic. For the rest, it is hard to see how any producer could make a differ-

ence to Davis's plodding dramaturgy, short of a complete re-write.

Davis stipulates that more than half the parts should be sung by black singers. Thomas Young's Trickster God, Kimberley Jones's Margu and Mark Doss's slave-

leader distinguished themselves. Mark Baker captured the moral spinelessness of the Navigator, and the overall musical standard under Dennis Russell Davies was beyond reproach. The production was linked to an education programme tar-

geted at Chicago's black community. Lyric Opera can be satisfied it has done its bit, but new American opera remains as problematic as ever.

Further performances till January 15 (312-332 2244).

Maestros at work

Wednesday's London Philharmonic programme in the Festival Hall looked fairly standard: a Mozart piano concerto as hors d'oeuvre, and Ravel's complete *Daphnis and Chloé* ballet as the main work. But Bernard Haitink was conducting, and his soloist in Mozart's K.466, the great D minor, was Maria João Pires, that put a different face on things.

Nobody would expect Pires to go to K.466 with *Sturm und Drang* tones. I fancied that Haitink's initial exposition — hushed and threatening, but not sternly declamatory — was designed to accommodate her gentler style. Sure enough, when her piano entered it seemed all sweetness and light, though intensely communicative and direct.

As the music went on, her deceptive intensity focused our attention more and more: not on Pires herself, but on the Mozart that she was transmitting. As always with Pires at her best, the sense of continuous, unbroken melody was almost eerie. Given that commitment to pure lyricism, she

still managed to invest the music with developing purpose — all through continually new, subtle inflections. Evidently a big dramatic manner is not, after all, essential for the D minor concerto. Haitink was a faultlessly attentive partner.

After the interval, his terrific account of Ravel's *Daphnis* was distinguished not only by the orchestral playing, the superb contribution by the BBC Singers (powerful beyond their modest numbers) and his own astute care for Ravel's long paragraphs, but by his delight in characterising the music. It was composed as a ballet for precisely conceived characters; indeed, the few passages in the score that seem only to mark time are music-to-accompany-gestures, the dancers' occasional "pantomime" narratives.

Like recitatives in opera, they were meant to advance the action while the music supplied little more than a static base. Perhaps Haitink lingered longer over them here than was prudent; but that was of a piece with his wholehearted balletic approach to the score. I don't

remember hearing Dorcon's comically heavy, clumsy dance so wittily sprung, nor Lyeon's attempt to seduce Daphnis made so vampish and sly.

The beginning was magical, just as one likes to imagine it but seldom hears. Later the air of magic cracked a bit: there were a few small but embarrassing fluffs from every section of the brass, in exposed places. They amounted to no more than tiny flecks on Haitink's splendid reading, vital and exact as it was.

It did strike me, though, that the LPO's first-desk winds are not what we used to love and admire. Fluffs aside, the woodwind solos in particular — of which *Daphnis* offers some of the richest in the orchestral repertoire — were correctly delivered, nicely in place, rather impersonal. The LPO's erstwhile individualists were spikier, more wilful, as against their sharp-honed, too often faceless American counterparts. Creeping homogenisation is the last thing we need, or should want.

David Murray



Serving art, and not the other way round: the new Fondation Beyeler outside Basel

Fine home for a rich hoard

Susan Moore admires Renzo Piano's museum to house the Beyeler collection

According to Picasso, "The purpose of art is washing the dust of daily life off our souls." There are, however, a remarkable number of art galleries around the world that do not make the viewing very easy. They range from architectural tours-de-force such as Frank Lloyd Wright's Guggenheim in New York which obliges the visitor to pause on vertiginous helter-skelter slopes, to drab Neo-Brutalist concrete bunkers like London's Hayward Gallery which offers a windowless, aesthetic assault course for an exhibition space. In Italy, there are any number of museums which fail to provide even a bench from one end to the other.

The most striking aspect

of Genoese architect Renzo Piano's new Fondation Beyeler at Riehen, just outside Basel in Switzerland, is just how good one feels just to be inside it. There is an abundance of natural and filtered light. Here, a glass roof is suspended over the museum's four monumental, 120m-long parallel walls; the end walls are glazed, as is one whole side of the building, designed as a winter garden and offering a panorama over the fields beyond — and a place to relax on comfortable sofas with books, catalogues and art magazines to read.

From the glazed garden side to the west, three flat sheets of lily-pond water seem to extend the gallery floors out of doors. Inside, the effects of light on water

play across the gallery walls (though lily ponds beside one of Monet's massive "Nymphéas" triptychs verges on the kitsch.)

There is also an uncluttered calm about the place. There are no superfluous decorative details, but beautiful materials are used — the outside walls are clad in dark red Patagonian porphyry, the floors are of pale French oak. There are no museum services to distract the eye.

Piano's stated intention was "to serve art, and not the other way round". In this project he is also serving a specific art collection, and its creator Ernst Beyeler. It is a measure of Piano's success that his building fits as well as any bespoke suit. The collection itself is, to some extent, also tailor-made.

What we see here is not a museum collection, which is obliged to be comprehensive, or a rich private collector's hoard. This collection was put together by one of the most remarkable modern art dealers of the century, and its roots lay in the works of

art that he took home to hang on his own walls. As an influential dealer, he was in the privileged position of seeing and buying the best work available. As a businessman, however, he could not always afford to keep it.

The Ernst and Hildy Beyeler collection is thus comprised of works of art he could not bear to sell. When in 1982 the Beyelers determined it seemed all wrong to build their own museum (which has cost them SFR55m) rather than give their collection to the Basel Museum, they set about supplementing the collection to create a well-rounded but still markedly personal over-view of "classical" modern art.

The foundation presents some 160 works by 33 artists, which begin with late Monet, Cézanne and Van Gogh and conclude with Georg Baselitz and Anselm Kiefer via the American Abstract Expressionists. A number of artists are represented in some depth — Cubist Picasso and late Matisse cut-outs, for

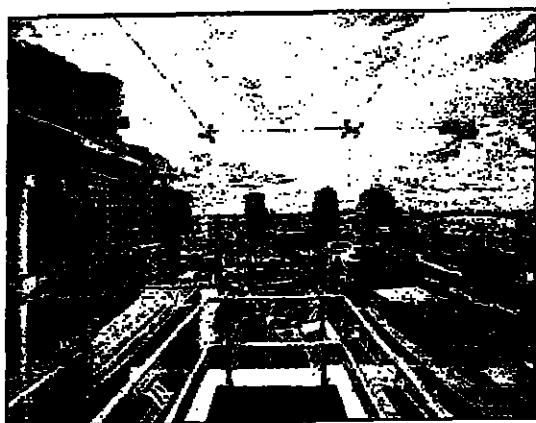
instance, Léger, Mondrian, Giacometti, Klee, Kandinsky, Miró, Dubuffet... Conceptual art is conspicuous by its absence.

The concise, focused Beyeler approach allows for a number of telling juxtapositions. Nowhere are those confrontations more arresting than where their outstanding "Cubist" African art or "Surrealist" Oceanic art is set beside the work of the western masters who drew inspiration from the tribal tradition. This alone makes for a rare treat.

There is no contemporary art here either, besides Luciano Fabro's monumental marble "Crono" placed outside the museum. Instead, three galleries are given over to two or three complementary contemporary shows a year. There is still time to catch the impressive inaugural show of 50 Jasper Johns paintings from the artist's studio, and a display of design material from the Renzo Piano Building Workshop (until mid February).

The Fondation Beyeler at Riehen, Basel, is open daily.

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How to Spend It

Children's presents that parents crave

Buy for the younger generation – before they become too dictatorial, says Lucia van der Post

Now that 13-year-olds (and even younger) are roaming the counters of department stores being choosy about which of the fragrances they will dot behind the ears, and now that precisely which pair of jeans or trainers has become a matter of huge import, shopping for the young has become a mini-nightmare. Most families seem to solve it by following precise lists to the letter or else by that old-fashioned standby – money.

This week's page, therefore, is directed at the one group still too small to be terribly choosy – those children who have yet to develop determined ideas.

Here are some catalogues and suggestions for children still young enough to enjoy Winnie-the-Pooh, to think teddies are adorable, and not to be able to work the VCR. (And no, sorry, I haven't been able to track down a reliable source of Teletubbies.)

If any of these companies take your fancy, don't lose any time – ring them up today.

■ Rachel Riley (tel: 09 33 241 390 493 or fax: 09 33 241 360 220). Riley lives in France, has started her own company manufacturing in the Loire valley and

offers the sort of clothes for children up to 12 that the French think are *très Anglaises* and the English think are very French.

She takes the sort of old-fashioned children's clothes that make grandmothers go weak at the knees and then updates them so they don't look out of place in the modern world. This is the place for velvet and smocked party dresses (prices around £70) for old-fashioned elasticated slippers, for soft pyjamas. The catalogue gives phone or fax numbers for Christmas orders.

■ The Toy Mail Order Catalogue from Baby Basics (tel: 01793 697 300 or fax: 01793 697 301). Anybody living far from shops could cater for almost any taste among the small set from this catalogue – nice old-fashioned wooden building blocks (always goes down a treat with parents, even if the children themselves prefer bright plastic), sweet little polka-dotted booties, lots of soft toys including a suitably scary alligator (£15.99), jack-in-the-box (£19.99), tops, wig-wags, magic tricks and all the rest. Well-priced, splendidly comprehensive.

■ The Hill Toy Company, 71 Abington Road, London W8. Mail order (tel: 01765-689955 or fax: 01765-689111). More parent-

approved toys – wooden jumbo building blocks, toolsets, a splendid pull-a-long wooden lorry with animals which slot into it (£18.95) as well as spinning tops, paints, lots of wonderful unpolitically correct girly things such as prams and tea-sets and dolls. The catalogue for the fancy-dress party – anything from guardsman's outfit to dalmatians (very popular this year, it seems), pirates outfits and mini Santa Claus.

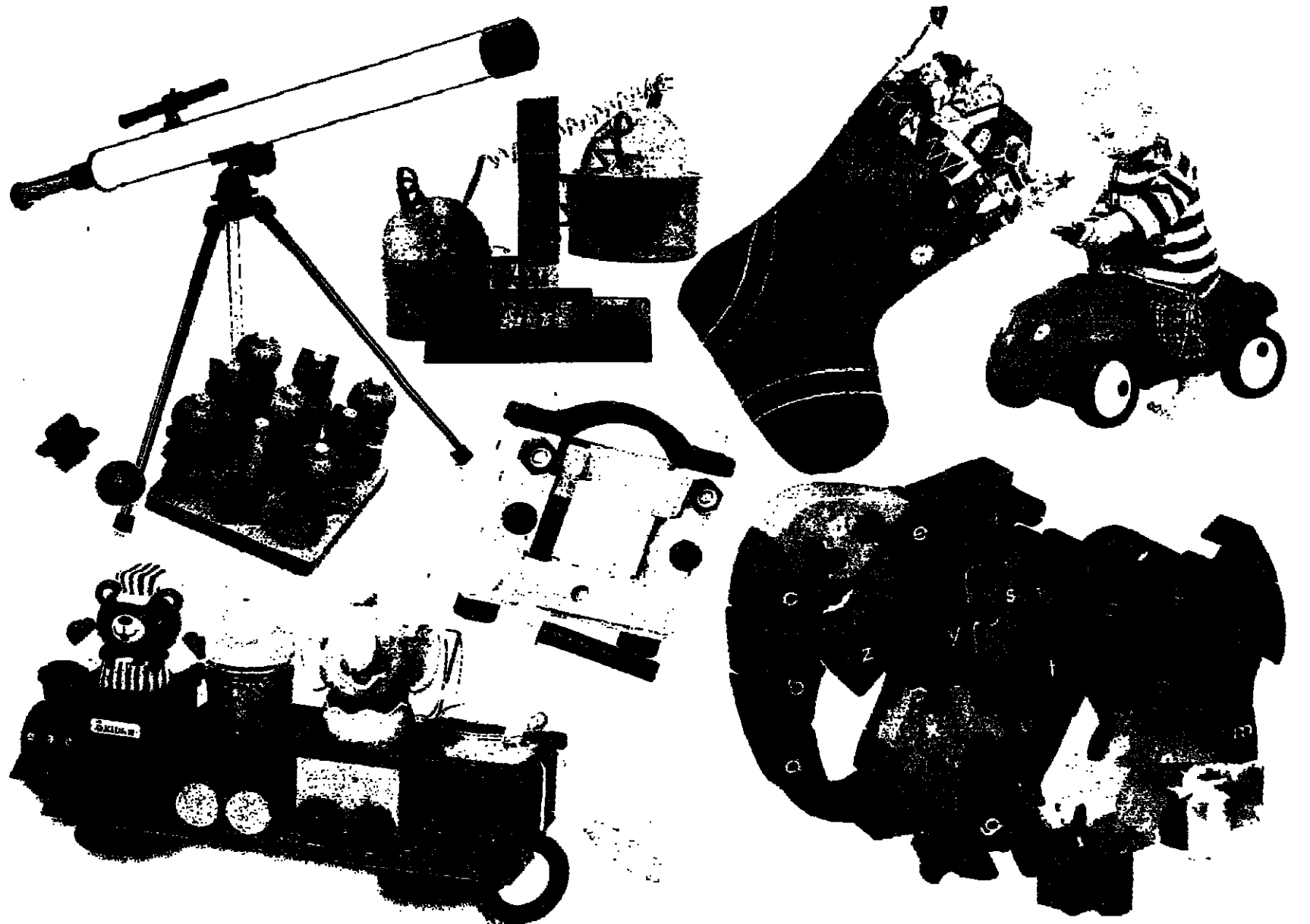
■ Ready Freddie Go (tel: 01547-530888 or fax: 01547-530898). Tiny collection of eminently practical products – strictly speaking, more for the new mother than the child. A towelling apron which comes with a great big bath towel attached to the waist with Velcro is £29.95, while a hooded, terry-edged towel.

■ Tridias, shops at 124 Walcot Street, Bath; Bute Street, South Kensington, London SW7; Clark's Village, Somerset (mail order tel: 01225-469455). A very long-standing favourite with

almost everything the small child could need from a grand 120cm long wooden rocking horse at £645 (delivery £25 extra) to tricycles, garages, battery-powered trains, engines and puppet theatres. Quite a few things for the older set, too – a holographic spinning kite, Night-Sky Space jigsaw, crystal radio, chemistry sets and walkie-talkies.

■ NSPCC catalogue (tel: 01283-506101). If you fancy buying from this charity, you will have to get a move on – orders can only be taken up to December 15 but the telephone lines are open today and tomorrow (until 5pm), as well as Monday.

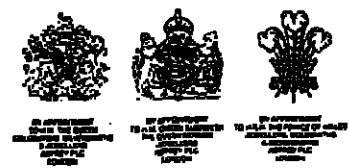
It's a good catalogue from which to buy all your wrapping if you haven't got round to it, then there's Playing Shakespeare, a board game for the older set, and a small selection of toys (personalised pencils, puzzles, rag dolls and a collection of jigsaws and board games).



Clockwise from top left: High-powered telescope for star trekking, £39.99, from The Toy Mail Order Catalogue; Digital potato clock, £14.99, from The Toy Mail Order Catalogue; Velour and embroidered Christmas stocking with applique, £7.99, from NSPCC; Plastic sit-on car, £34.95, from Tridias; Wooden elephant jigsaw puzzle, £17.99, Toy Mail Order Company; Wooden tool set, £19.95, from The Hill Toy Company; Musical Teddy-Bear Express, £23.99, from The Toy Mail Order Company; Wooden noughts and crosses set, £9.99, from NSPCC Catalogue



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HOW TO SPEND IT

Fashion

The next velvet revolution

Karen McCartney on the most versatile and lustrous of fabrics



Velvet, silk/viscose, dress with brushstroke print and asymmetric hem, £245, by John Rocha at Liberty. Marcasite ring, £75, from Detail

It has taken some years, but velvet has at last shaken off its fusty, traditional image and emerged as a fabric for the future. This season it is printed and painted, embossed and embellished, crushed for texture and bias cut for drape. Its popularity is at an all-time high, as a single glance at the Christmas shop windows – whether Next branches all over the UK or Liberty in London's Regent Street – will tell.

Best known for her trademark devoré velvet scarves, designer Georgina von Etzdorf has had a long and fruitful relationship with velvet. Convinced it was not fully exploited as a fabric, she started working with it in 1985 and has been at the forefront of the experiments that have pushed velvet's properties into new and interesting areas.

"With velvet, you can achieve great depth of colour and it responds in an almost magical way to light and shade. It can be dark and mysterious or light and lustrous. This, combined with the luxurious, sensuous feel, sets it apart from other fabrics," she says.

"This year we added elastic to shirred velvet for a fitted, body-conscious effect. And for spring 1998, we have developed a fine silk velvet in silver which looks like a waterfall of mercury."

Also drawn to the fluid appeal of velvet is evening wear designer Ben de Lisi. "Although velvet is a very difficult fabric to sew, it is, and always will be, a part of my collections. When bias cut, it can have the fit of lingerie and it takes wonderfully intricate seams," he says.

"With devoré, you can throw caution to the wind and create

something beautiful and collectable. For me, it is an incredibly versatile fabric and for autumn/winter 1998, I am working on an exciting development with velvet I have never tried before."

Throughout the fashion industry, designers are working with velvet in individual ways. The ever-experimental John Rocha has used hand-painted feather motifs and bold brush strokes to create a contemporary contrast with the softness of the fabric.

Katharine Hamnett has designed long, fitted velvet coats and flirty dresses while Etro, the famous Italian fabric house which has a store in London's Bond Street, has embroidered velvet for a decadent *fin de siècle* feel.

As velvet is no longer restricted to the hours after eight in the evening, its appeal has broadened and companies such as Fenn Wright & Manson are offering well-priced, high-quality designs for a growing band of women who appreciate the easy-to-wear styling.

Sharon Jones, director of Fenn Wright & Manson UK, admits it has had an excellent season, aided by the popularity of its extensive velvet range.

"Our silk velvet quilted jackets at £200 have been popular, as have our loose tunic shapes and wide-leg trousers. Women now understand velvet as a day wear fabric and will team it with a chunky sweater and boots," she says.

Georgina von Etzdorf has her own shop at 31a Sloane Street, London SW1 (tel: 0171-345 1065). Ben de Lisi's designs are available at Harrods' evening and occasion wear room, Knightsbridge, London SW1 (tel: 0171-730 1234).



Burgundy velvet empire-line dress, £325, by Katharine Hamnett. Grey beaded necklace, £135, from Detail. Velvet scarf, £112, by Etro. Burgundy satin court shoes, £78, from Kurt Geiger at Selfridges



Left: Velvet print dress, £288, by Sportmax at MaxMara. Right: Long steel grey velvet coat, £288, from Episode worn over devoré velvet dress, £193, by Fenn Wright & Manson from Fenwick's



Shirley: Karen McCartney. Photographs: Craig Fordham. Hair and make-up: Beverly Brooks using Hard Candy products

Where to find national velvet

Detail, 4a Symons Street, London SW3. Tel: 0171-730 8488.
Episode, 172 Regent Street, London W1. Tel: 0171-439 3561.
Etro, 14 Old Bond Street, London W1. Tel: 0171-495 5767.
Fenwick, New Bond Street, London W1. Tel: 0171-629 9161.
Katharine Hamnett, 20 Sloane Street,

London SW1. Tel: 0171-823 1002.
Liberty, Regent Street, London W1. Tel: 0171-734 1234.
MaxMara, 32 Sloane Street, London SW1. Tel: 0171-287 3434.
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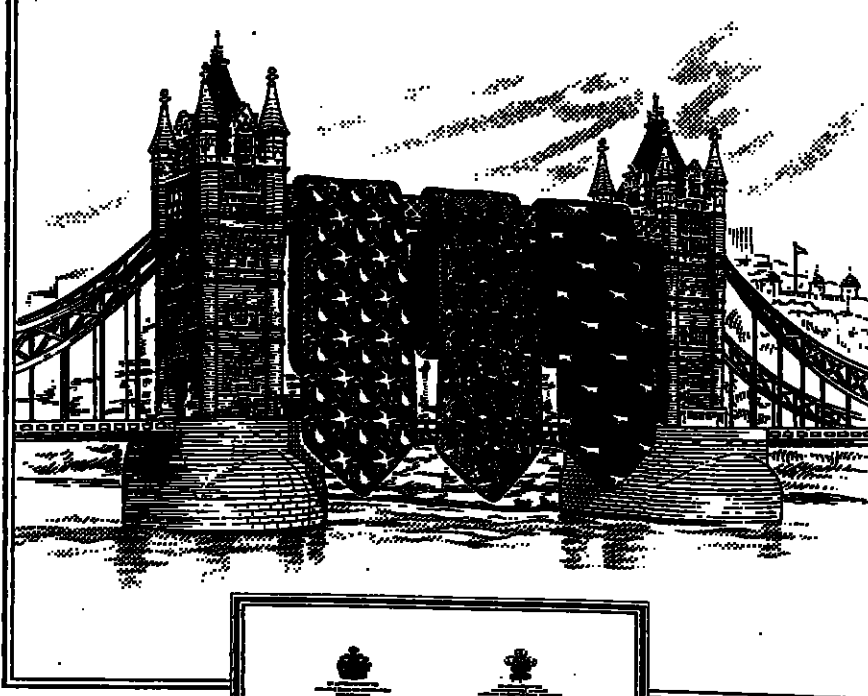
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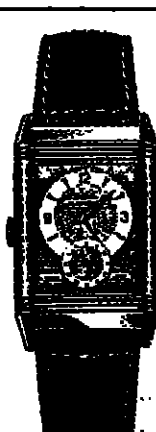
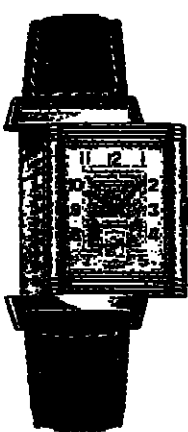
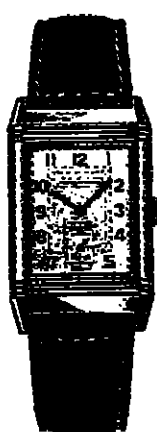
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HOW TO SPEND IT

A celebratory dressing for your festive table

Not that she is a glutton for punishment, but Lucia van der Post suggests yet another chore

As if you didn't have enough on your plate, here I am about to suggest that you make something of a fuss of the Christmas table.

It's not that I'm a glutton for punishment - it's simply that for not too much effort a celebratory air can be conjured up. The beautifully laid, imaginatively dressed table is powerfully seductive and it seems a pity to miss out on this chance to bring warmth, generosity and possibly even a bit of wit to the annual ritual of the turkey and the pud.

Mostly, what it needs is imagination. If this reminds you of Martha Stewart, for ever exhorting us to greater effort, relax. It can all be done much more effortlessly than that. These days, there are so many wonderful props that not too much of the scarce commodity is required. Candles in their simplest form are cheap and by dint of simply massing them together you can create an almost instant air of magic.

Greenery is easily accessible in some parts of the country and great big bowls of tangerines, nuts or lychees are immensely decorative in themselves. Don't stint on flowers, candles, fruit or whatever else it is you choose - generosity is the key.

However, for those who don't have a natural eye for domestic aesthetics and who need encouragement, several books offer such visual inspiration that one can hardly read on for wanting to get started on the matter straight away. Margaret Casleton's book *Stylish Settings* (Weidenfeld & Nicolson, £16.95) is filled with ravishing colour portraits of attractive tables for anything from an outdoor picnic to a grand dinner - somewhere in there will be a picture showing how to make the most of many of the things you already own.

For those who want a little instant inspiration, here are three suggested Christmas table settings from three of London's most interesting designers - as you can see,



Refined elegance from Maryse Boxer

the mood and style varies enormously and each designer has managed to create a very special and completely individual atmosphere.

While not every detail can be copied precisely, each of the tables, in its own way, offers some ideas that most of us could adapt in our own homes.

Maryse Boxer's table Maryse Boxer designs some of the most imaginative tableware around - her petal-edged brightly coloured ceramic plates are now copied everywhere but when she first showed them, sometimes using contrasting colours, sometimes with toning ones, they created something of a sensation. She is currently in a very subtle mood and her sophisticated shades of greys, beiges and soft grey/greens are ravishingly elegant - and not a piece of holly or mistletoe in sight.

The setting shown here is on an organdy cloth with a pale, grey-edged cloth directly underneath the plate. She used plates from her Culture service - the charger plate or under plate is white with a platinum edge (£28), the dinner plate grey with a platinum edge (£23), the salad plate white with platinum edge (£12).

The glasses echo the theme with platinum or silver borders on their tops - prices range from £11.75 to £12 each and with it Maryse Boxer has used contemporary cutlery (prices range from £40 to £65 a piece). Small mother of pearl plates are £45 and the candles £20. Everything shown (except the silver glass, which is her own) is available from Chez Joseph, 26 Sloane Street, London SW1; tel: 0171-245 9483.

Peter Ting's table Peter Ting is a creative director at one of London's grandest glass and china shops, Thomas Goode & Co, at 19 South Audley Street, London W1. As if to show that a sense of *luxe* doesn't only come old-fashioned and

The beautifully laid, imaginatively dressed, table can be powerfully seductive

traditional but can just as elegantly be modern, he chose a resolutely up-to-the-minute look - distinctly minimalist, and again, not a piece of holly or mistletoe in sight. He uses a striking combination of black and white with an asymmetrical, almost Japanese pattern. Prices for the plates vary from £50 to £95 and everything shown is available from Thomas Goode.

Kelly Hoppen's table Kelly Hoppen is chiefly known for her oriental interiors - she has a way of making them seem both slightly austere and yet luxuriously comfortable. She loves a calm, almost oriental colour palette but usually adds drama in the shape of dramatic combinations of *objets*, and bold ways with fabric. But for her Christmas table settings, she indulges in some sumptuous glamour - she uses a maize-coloured patterned cloth, glass gold-edged plates, gold crinkled napkins and traditional cutlery.

Coupled with generous-sized glasses, lots of flowers and greenery, the effect is possibly the most celebratory of all. Many shops sell similar items - look for the glasses at Anthony Stern, Unit 205, Avro House, Haver-



Resolutely up-to-the-minute from Peter Ting

lock Terrace, London SW8 (tel: 0171-622 9463); plates from Jerry's Home Store, 163 Fulham Road, London SW3 (tel: 0171-581 0909); candles

from Pauline Thomas (for stockists, tel: 0171-483 3738); and napkins from Dickens & Jones, Regent Street, London W1A 1DB (tel: 0171-734

7070). Further inspiration can be found in her book *Table Chic* to be published next year by Collins & Brown, £19.99.



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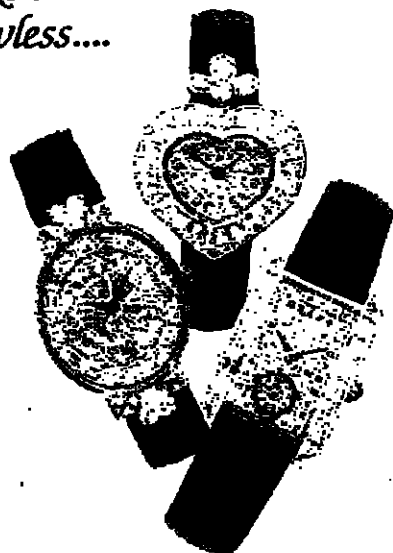
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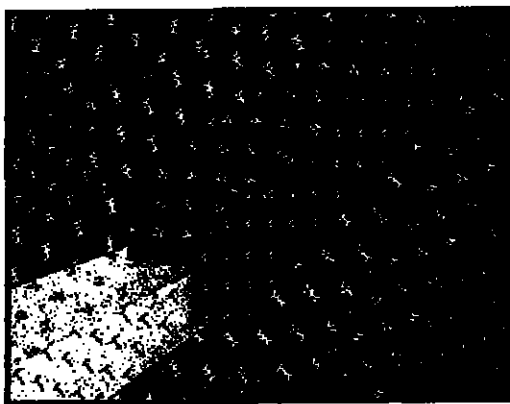


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MOTORING / GARDENING

Don't mount an assault on your battery

It's a crucial component. Treat it properly and it will do the same for you, writes Stuart Marshall

Last winter, at least 20 per cent of the 1.5m-plus breakdowns attended by Britain's Automobile Association (AA) were due to battery failure. Often, it had given up the ghost through a combination of age and the strain of turning over a mulish, out of tune engine in sub-zero temperatures. In many cases, though, there was nothing really wrong with it. The trouble was excess demand.

The sudden cold snap at the beginning of this month showed that nothing had changed. As usual, the AA, Royal Automobile Club (RAC), Green Flag and other motoring organisations were flooded with calls for help from drivers whose cars would not start in the morning or had died by the roadside.

The battery has become a victim of its own efficiency. Because it needs virtually no maintenance, many motorists simply forget about it. But everything has its breaking point.

Modern cars make huge demands on their batteries, which are responsible for starting, ignition, the fuel system, lights, rear window de-mister, electric windows and mirrors, screen-wipers

and washers. Batteries also power in-car entertainment, telephone, air-conditioning, security systems and heated seats.

If a vehicle covers a lot of miles on the open road every day, the alternator can cope with the demand. But one used mainly for slow-moving short runs in the early morning and evening can pull more power from the battery than the alternator can put back.

When the breakdown man who answers your call for help tells you the battery needs replacing, believe him. Buy another that same day. Better still, if you have any reason to be suspicious of your battery, get it checked.

If there is nothing wrong except lack of charge, an hour of daylight driving with every non-essential electrical item turned off should put things right. But never, under any circumstances, cold-start an engine with headlamps, radio and (especially) the de-mister turned on.

□ □ □

Frost-slippery morning roads not only make driving stressful and potentially dangerous. They cause many motorists to wonder if they

are driving the right kind of car. A letter I received just before the recent cold snap will ring a bell with readers who live in the country and have several young children.

It came from Constable Adrian Stott wrote that his wife drove a number of their own and other people's children to school, partly through country lanes.

Their Toyota Previa multi-purpose vehicle (MPV) had been perfectly reliable, was roomy enough to avoid friction between their four children, and had proved to be a comfortable long-distance cruiser. It was, however, a heavy vehicle and could skid on icy country lanes. What might be an alternative?

Given the need for at least six seats, the four-wheel drive estates featured recently in this column (Volvo Cross Country, Subaru Forester and Legacy Outback) seemed not to provide complete safety. Would a seven-seat Toyota Land Cruiser or Mitsubishi Shogun be a better bet, even though they were even heavier than the Previa? Would their holdier tyres and four-wheel drive give better traction and, by inference, make them safer?



Volkswagen's Sharan, with four-wheel drive and up to seven seats, is a strong contender for rural school runs in winter

I think there is no simple answer. Of course, any big on/off-roader – such as a Land Cruiser or Shogun, Land Rover Discovery or Jeep Grand Cherokee – would make light work of snow deep enough to defeat a two-wheel driven car. But they would be safer than a Previa on roads made slippery by frost, heavy rain,

wet leaves, or dollops of mud left by farm machinery?

Not necessarily. Everything depends on how well they are driven.

Vehicles designed to cross trackless terrain cannot be expected to handle on road just like normal motor cars. They are a different kind of animal. Driven within their limitations, they are also

lately safe. But, if expected to respond to an emergency manoeuvre in exactly the same way as a normal car, they may be anything but.

My advice to Adrian Stott: consider an all-wheel driven version of an MPV – specifically, a Ford Galaxy or VW Sharan AWD with a 2.8-litre petrol engine and automatic transmission. (Both cost

around £28,000 and are virtually identical).

They handle much more like normal cars than do on/off-roaders. Clever drive-lines allocate engine power to the wheels with most grip, so their traction is much better than that of a car driven through front or rear wheels. And they have up to seven forward-facing seats.

Roomier still is the VW Caravelle Syncro, with up to nine seats. Although this is edging toward the minibus, I find it perfectly pleasant to drive so long as you accept it is nothing like a normal car. A 2.5-litre diesel version will comfortably beat the 20mpg (14.1 l/100km) average consumption of the V6 Galaxy and Sharan.

Billions of discarded two-litre plastic bottles that once contained mineral water and fizzy drinks disfigure beaches and beauty spots all round the world. You might think that collecting 2,132 of them would leave you with a big pile of useless litter. The Chrysler Corporation sees it very differently.

Grind up all the bottles, mix in a bucketful of finely chopped, hair-thin strands of glass fibre – and you have exactly the right amount of granules of recycled PET plastic to make the body of a car that might, just might, change the face of motor manufacture in the next century.

CCV stands for Chrysler Concept Vehicle, an ugly duckling of a four-door saloon which was tucked away in a corner at the recent Frankfurt motor show. My first impression was that America's third largest car-maker had tried

The car they make from plastic bottles

Stuart Marshall finds that Chrysler's Concept Vehicle distinctly reminds him of a French predecessor

to re-invent the Citroën deux chevaux 50 years on.

Superficially, the resemblance is striking. Like the *deux chevaux*, the CCV has a two-cylinder, air-cooled engine driving the front wheels, soft suspension, and generous clearance for non-damaging driving on rough roads or across fields.

It has seats as stark – and as comfortable – as canvas picnic chairs; a gear-shift poking out of the fascia; a body looking as if no one had remembered to put on a top coat of paint; and an interior that would not have suffered had it been cleaned with a hosepipe.

Chrysler said the CCV could be made to sell for \$6,000 and could motorise the developing world just as the *deux chevaux* had per-

suaded the French peasantry to abandon horses and carts in the 1940s. Alternatively, it might appeal to more sophisticated markets as an urban runabout.

Having made a close inspection of the CCV at Frankfurt, I begged to differ (this column, September 27). One of the millions of second-hand Toyotas and Nissans thrown away each year in Japan with lots of life still left in them would, I thought, be more appealing than a new car that would stigmatise the owner as too poor to buy anything better.

Now I have driven the CCV, I still don't think, in its present form, it ever will be a world car for the underprivileged. But large injection mouldings of recycled thermoplastics could be an



Chrysler's CCV... halfway between a car and a motorcycle

economical and environmentally attractive way of making the main structure of a car.

The CCV's body consists of just four very large mouldings, glued together and bolted to a rudimentary chassis to which the

mechanical bits and pieces are attached. The body is produced on the world's largest injection moulding machine and needs no painting because pigment is mixed in with the plastic granules.

The good news is that this

saves a lot of money. The bad news is that the surface finish is like that of the industrialised wheelie bins the huge moulding machine makes most of the time.

Will buyers, used to cars with glossy flanks, accept a matte finish? This is one of several imperfections about the possible wider use of self-coloured thermoplastic mouldings in normal motor cars.

Another is how well a vehicle made largely from plastic would protect its occupants in a crash. Significantly, perhaps, Chrysler and its partners in the plastics business are now referring to the CCV as "a rolling laboratory on wheels" almost as often as they mention its possibilities as a vehicle for putting the devel-

oping world on four motorised wheels.

One immediate potential use for mouldings of the kind used to make the CCV could, I thought, be as a superior kind of bumper. I saw a sample CCV-type thermoplastic panel survive undamaged when struck by a steel ball weighing a kilo (2.2lb) and dropped from four metres (13ft). An identical metal panel was dented severely.

Today's painted, body-coloured plastic bumpers are scarred so easily by careless parkers that self-coloured ones made like the CCV's tough panels might save money and aggravation.

Driving the CCV was like taking a step backward in time. The 800cc Briggs and Stratton V-twin engine fired

up with exactly the same whirring noise as the 375cc flat twin of a *deux chevaux*. The gears (straight cut for cheapness and ease of manufacture) whined loudly but the soft, long-travel suspension beautifully absorbed the bumps and hollows of woodland tracks.

The CCV falls halfway between a proper car and a motorcycle with sidecar. It might – if they could afford it – meet the transport needs of people living in mud huts. But the thought of a sophisticated westerner buying one as a town car is risible.

Chrysler says a manufacturing plant capable of turning out CCVs in their tens of thousands would be much smaller and cheaper to set up than one building conventional cars. No doubt. But would buyers appear in equal numbers?

Fast experience of attempts to make very cheap and simple cars for a mass market suggest they would not.

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Gardening

I'd like Myrtle in my stocking

Or, failing that, Christmas would be better for some fertiliser, says Robin Lane Fox

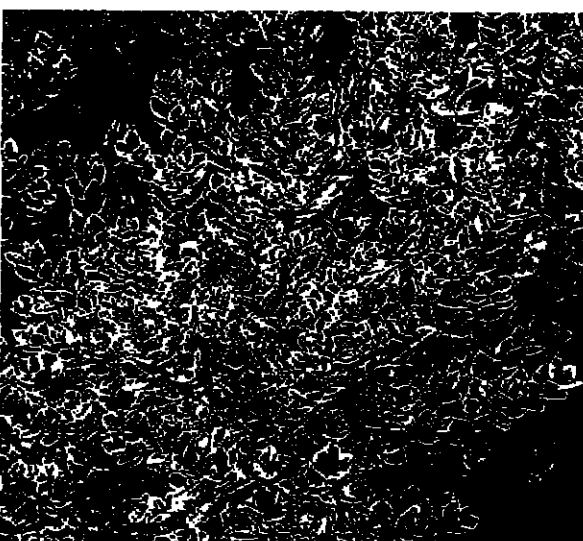
Like most other gardeners, what I really want for Christmas is new soil for my entire garden. I know we are all supposed to improve it, compost it and leave it to the love of earthworms. But if you are not going to send a large load of leaf mould and two full-time helpers to spread it, what can you send a keen gardener without embarrassment?

There are plenty of things on the market in which no keen gardener would be seen dead. Maybe they would wrap their dog in a designer coat called Muddy Paws, selling at £11.95, but the poor thing would die of humiliation. I doubt, however, that they would wrap their family fingers in today's sexist line in garden gloves.

If I saw a female gardener advancing on my plants in a pair of Floral Hi Grip hand-covers, I would intercept her, knowing she could not be serious. Keen gardeners are not trained lumberjacks if they are men and flower-patterned violets if they are women. Gardeners do not want bossy ideas of gender imprinted on their gloves.

Nor do they want pads strapped on to their knees, although I can imagine pairs of Town Knee Pads (£8.75) going down well for display in worm-free corners of Chelsea.

Antiqued watering cans and metal holders with aged patina are starting to be all the rage. The right present for a serious and stylish gardener is a can from Haws, perhaps the dark green English Watering Can at



Myrtus Golemi Gold: if it doesn't survive the winter, try again next year

£49.95. If someone has lost their fittings for an old Haws can, replacements can be sought from the makers, Haws Elliott, Beakes Road, Snelthwick, Warley, West Midlands. The cans themselves have the length, design and handiness to make them a market leader.

Secateurs are a slightly more disputed area. My former colleague, the late Arthur Hellyer, always swore by the Swiss-made Felco range which has a good angle of cut and range of fixable positions and sizes.

This year's Felco no.2 is certainly an outstanding weapon for gardeners at £37.50, but I perhaps lack the Hellyer subtlety of angle and am entirely happy with Wilkinson Sword's small hand-

pruner at £12.99 and large hand-pruner at £22.50. Both have 10-year guarantees and have done no visible damage to my shrubs and border plants over the years.

We all know those last-minute problems over somebody who needs something that need not be sexy and is better if it is quite cheap. If they are gardeners, a kilogram bag of Perlite in which to root cuttings and a kilogram bag of Vermiculite with which to surface seedlings will flatter their abilities and not allow them to admit they buy plants ready-grown in containers.

Arthur Bowers does neat packs of each at about £7 a time. I would also be grateful for a standard box of Osmocote, the slow-release fertiliser which is at last

available for amateurs from CFI after years of being for professionals only. It makes for a prolonged memory of Christmas as the fertiliser releases over six months in a reasonable wet summer.

Weed killers are more controversial. "Is this the one which sterilised Italians?" I heard a middle England middle-aged female asking an assistant with a definite note of hope. Nowadays, it is hard enough to buy anything with the clout to sterilise so much as a pansy. "New formula" SBK Brushwood Killer is still the most potent killer for garden jungles on general release.

None of these presents is wasted on a serious gardener, who would far prefer them to yet another collection of plant supports with Christmas patterns.

The alternative, of course, is to give a plant. Indoor plants are the national victims of the next two months, but outdoor plants are a far better buy and need not look like a bunch of twigs. If you want to combine appearance and long-lasting beauty, go for some of the newer lines in good garden centres which will fit well into expert gardens, even in towns.

A touch of variegation brightens up the leaves when the plant is unwrapped. Most of the holidays on general release are too vivid for my taste, but there are three possibilities which anyone ought to enjoy.

Much is being made of the low-growing *Lonicera nitida* Silver Beauty which is an evergreen growing to a

height of about two feet, lit up by a pretty silver-white variegation all over its small leaves. You would never guess the boring old green parent of so many under-tipped hedges could have such a charming relation.

It may not be entirely hardy, though; also the one weakness of my second choice, the variegated forms of Myrtle, including the one called Glenlean. All forms of Myrtus are definitely plants for a south-facing wall, but they have a strong chance of survival outdoors in warmer town gardens and the scent of their leaves is always a pleasure.

If next year's frost kills it, you can always try again next Christmas.

If you want really slow, sure value, hunt out one of the excellent plants of Osmanthus variegatus which are now in the better garden centres, supplied by Belgian specialists.

Any knowledgeable gardener would be glad to have a plant of this beautiful shrub because it is a completely hardy evergreen and grows so slowly that it takes up little space. A second one is never too intrusive.

Like all good things, it is being jostled by something newer and much more vulgar. In this case it's Osmanthus Goshiki, which is annoyingly mottled leaves. Accept no substitutes and buy the basic heterophyllus form, knowing the recipient should be on happy terms with you for the next 20 years of this plant's handsome developing life.

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TRAVEL

The Douro: river that led to new worlds of wealth

Nicholas Woodsworth discovers the elements that make the city of Oporto unique

The Hotel Infante de Sagres in the city of Oporto has, among other amenities, a delightful old lift. It is equipped with that rare thing in the world of lifts these days, an elegant, upholstered bench. Not long ago I found myself firmly ensconced on it, pleasantly rising and falling past floor after floor with no particular destination in mind.

For one thing, Oporto is a hilly, up-and-down sort of place, and after hours of energetic wandering it was rather a comfort to find myself mobile without having to move a single, weary muscle. For another, the lift was snug and comfortable, an ideal spot for a little quiet reflection. And I needed reflecting. I had lost my bearings.

Most cities, no matter how complex, have a dominant signature note, an overall ambience created by history, geography or climate, by architecture, human temperament or professional activity.

Cities can be industrially gritty and hard-working, studios and academic, penny-pinching and mercantile, hedonistic and heaven-seeking. They can be forward or backward looking, introverted or extroverted, cold-shouldered or welcoming. It is by such perceptions that visitors situate themselves and navigate their way through unfamiliar places.

The trouble was that I had

wholly failed to get any such handle on the city of Oporto. I felt as lost as I ever had in western Europe.

Oporto, somehow, was noticeably out of time and place, but in its peculiarity, I could discern no unifying theme. I had wandered through narrow streets, gazed at a hundred varied, venerable and astonishing things, but was quite unable to say what it was that pulled them all together.

The belfries and pinnacles of dozens of churches stood as stone-carved reminders of a glorious age

What I needed, I decided, was the height to see things more clearly. And not just the height provided by the Infante de Sagres lift, either. Reluctantly surrendering it, I made my way out through the lobby, into the street, and over to the Torre dos Clerigos, the tallest church tower in Portugal.

Some 235 steep and puffing steps later, Oporto lay at my feet. From there I could see the nearby Atlantic Ocean and a vast, constantly changing maritime sky. There were parks and plazas with intricate sidewalk

mosaics in black and white cobbles.

There were ornate public buildings, and monuments and statues to unfamiliar heroes. There were densely packed red-tiled roofs, poor and decrepit in a distinctly third-world kind of way, on the sloping hillsides.

And rising above, on every hand, massive and stone-carved reminders of what could only have been a glorious age, were the belfries and pinnacles of dozens of churches.

But what stood out most in this landscape, what dominated the entire city, was the green-grey, snaky Douro River that flowed to the sea at the bottom of the city's steep slopes. Everything – hills, roads, buildings, the entire city – seemed to converge on it. Perhaps down there, I thought, I would find something that made sense of this bewildering place.

And so, step by step, I began my drop down to the Douro. As descents go, I found it even grander than that provided by the Infante de Sagres lift, for it travels down every age this old and richly diverse city has lived through.

Take for example, the service station that sat on the Praça de Lencastre below my hotel. Most cities can boast a bit of Art Deco ornamentation. But in Oporto, where the clock stopped ticking somewhere in the 1930s, Art Deco is about as modern as any building gets.

Lying around, unselfconscious and unremarked, are



Oporto: 'In few other cities in Europe have such quarters remained so long untouched by urban renovation'

John Bates/Spa Images

not only gorgeous Art Deco cafés such as the nearby Majestic or Brasileira, but Art Deco hotels, restaurants, cinemas, and yes, even service stations.

But that was only the beginning. The further I headed down towards the river, the closer I approached the mysteries of Oporto's past.

What about the old British telephone boxes and red pillar boxes that sit on the sidewalks below the Praça da Liberdade? Or the Feitoria Inglesa, the "English factory", one of numerous Oporto buildings that in Pal-

adian style reproduce the neo-classical buildings of 18th century England?

The proudest possession of the Passeio Alegre gardens are not, in fact, its gardens, but its British public conveniences – elaborate ceramic urinals imported from England. What brought such incongruous things from so far away?

Over at the Sé, the great stone cathedral that looms on a high bluff directly above the river, I left behind the baroque and plunged into an even earlier medieval age. The Sé itself is of 12th century Romanesque construction, and looks more like an austere fortress than a cathedral.

More inviting were the crowded medieval streets

gilded wood-carving that dripped from altars, walls, pillars and ceilings. Not even paradise itself, I am sure, can boast this many golden carvings and smiling cherubs per square foot.

There, too, were antiquated businesses – old shops with dark interiors, wooden panelling, and glass-fronted cabinets; fusty ecclesiastical establishments selling gory crucifixes, soutanes and communion chalice; tiny, archaic bars containing strange bottles, hanging hams and whiskeys; antique barber shops

that ran to the foot of the Sé. There were tall, narrow houses cramped together, their facades intricate compositions of coloured ceramic tiling, narrow iron balconies, and hanging laundry swaying in the breeze.

There, too, I began trudging up Oporto's steep hillsides. ■ Nicholas Woodsworth flew to Oporto with TAP, tel: 0171-828 0362. His stay was organised by Spanish and Portuguese holiday specialists Mundi Color, 276 Vauxhall Bridge Road, London SW1V 1BE (0171-828 6021).

The smell of sulphur and Cuban cigars

Andrew Jack tries to enjoy Club Med's latest offering

There is a minor problem with the sunny white beach and warm turquoise sea, of Varadero, the fast-growing tourist resort on the northern coast of Cuba. It just happens to sit on top of one of the country's most important reservoirs of oil.

Facing an agonising choice – sacrificing one or other of their best resources – the Cubans have calmly opted to make no choice at all. Instead, they have slapped up a few palm trees to conceal the nodding donkeys nearest to the mushrooming hotels.

That does not do much to hide the chimneys on the horizon spitting forth huge gas flames, nor the periodic wafts of sulphur that drift along the coast. But what more do you expect in a country so full of contradictions that the cigar shops hang "no smoking" signs on their doors?

Barring occasional unfortunate changes in wind direction, oil is not a threat for Club Med's Varadero, which prides itself on finding prime sites for its holiday villages far from other tourists. Since last summer, the French group has added Cuba to its 100-odd destinations around the world.

Let me stress straightaway that I am not exactly a fan of Club Med. Give me a smorg of sulphur any time over a holiday which ties me to a single location for a whole week, far removed from the charms of the country and culture in which it is based, surrounded by fellow tourists and overly attentive gung-ho staff. Come to think of it, in Cuba I had all of that and the sulphur, too.

It is enough of a mystery to me that the French – renowned for their individualism – seem so happy to flock to such a "concept" in large numbers. And more curious still, that the clanish British stay away (illustrated by the lack of any English programmes on the satellite television, except a US chain which seemed to do nothing but plug forthcoming films that never forthcoming).



So there is copious and excellent food, endless sporting activities and vast numbers of eager *gens de mer* (GOs) to look after the children or dance with the singles. And nothing stops you, the fans argue, from leaving the site – other than that you have paid, in the case of Cuba, a minimum of FF\$1,100 each for a week's full board (alcohol and massages extra).

I came to witness the inauguration of the Club's newest village partly because I hoped Fidel Castro would turn up. To cut the suspense short, he did not. That caused endless speculation about whether he was ill, didn't want to aggravate the Americans over foreign investment, or was simply hiding that his pal Gérard Depardieu apparently cancelled at the last minute.

Jacques Attali, François Mitterrand's former right-hand man and ex-chief marble-cladder at the European Bank for Reconstruction and Development in London, was obviously not enough of a pull for *el barbu*, though why he had turned up triggered plenty of questioning.

My visit was also a way, at long last, to see Philippe

Bourguignon, the man credited with turning round Euro Disney, and who was persuaded by shareholders at Club Med this spring to attempt the same thing for them. He could hardly expect to maintain the low profile he has kept since his appointment after inviting a charter aircraft-load of journalists with him to attend the opening.

Grabbed between a dawn photo session and a mid-morning work-out on a trapeze, the ever-enthusiastic Bourguignon conceded that Varadero was less the first village to bear his mark than the last in the image of his predecessor, Serge Trigano, son of one of Club Med's founders, not to mention Serge's wife, who did the interior design.

It reflects many of the changes the group has made in the last few years. As the Justful young things who first visited in the 1960s have aged, married and procreated – yet still come back for more – the facilities have evolved to become more comfortable and varied. Use of the informal French *tu* is no longer compulsory, and gone are the tables of eight designed to force clients to mix.

The GOs did all form a human passage to welcome and dispatch us with claps and smiles, and performed their amateur entertainment sessions in the evening, but the bizarre Club Med cult *signes dementiels* song-and-dance routine was not on offer (since we were perhaps rather more cynical than the typical guests, as one executive admitted).

Club Med Varadero is unusual in other ways. The concrete hotel building existed before the Club arrived, and is owned by the pleasant sounding local company Gaviota. That turns out to be the tourist division of the armed forces, with prime developments around the country – no doubt a sensible way in a one-party state to keep some rather powerful people sweet.

Gaviota also furnished the Cuban GOs, who sounded pretty well paid at \$450 a month, until I heard that the general who runs the company claims to earn \$50, and discovered that the salary is paid to the state, while staff receive a more modest sum in local currency.

It even provided us with guides, who filled our entire two-hour coach ride into Havana with scintillating information on the growing economy, the expanding sisal harvest, and the rising levels of electricity production. There were fewer mentions of the ugly half-finished factories – abandoned since Russian aid ran out – which age rather less majestically than Havana's peeling but magnificent colonial-era buildings.

Once you escape from the officials, you can find plenty of friendly – and honest – people willing to talk about local life, and much to keep you busy on a trip round the island. Perhaps Club Med Cuba can provide you with some rather interesting insights after all, at least into the government's preferred vision of the country.

The French company certainly seems to think so. It is already planning another village in the east of the country. I think I will be heading to the west.

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TRAVEL

A very nice day at the seaside

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Airport taxis	£70
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Lunch for two	£20
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Gifts	£50
TOTAL	£11,797

A s day trips to the seaside go, this one was a bit different. You might not be terribly impressed if I had told you that last weekend I travelled from Essex to Worthing and back in a day in order to treat Rhys, my son, to a fish and chip lunch.

But you might raise an eyebrow if you heard that it cost around £12,000 - give or take a few quid - and the trip was made by Concorde.

The Worthing in question was in the Caribbean, on the island of Barbados, where English names predominate. And it really was the ultimate day at the seaside - it is 4,300 miles from Heathrow - made possible by Concorde's ability to travel at twice the speed of sound, in this case for a journey time of 3 hours 46 minutes.

Now there are some stick-in-the muds who might think that is an excessive

amount to pay for lunch for two. But I could remind them that three businessmen recently spent more than £13,000 on a meal at Le Gavroche, in Mayfair, London. And not so much as a Tube ticket to show for it, never mind a supersonic tuck-in under a waving palm.

So it was that my son and I left dank and grey Woodford Green early on Saturday, for a 9am check-in at the Concorde lounge in Heathrow - our only care in the world whether the airport pharmacy stocked Factor 15 sunblock.

Unlike most of the other passengers we were unencumbered; no suitcases, false tans or false teeth - when you are only going for the day you can really travel light - and there was plenty of time to pick up a Back's fixz and the Weekend FT before the 9.40 take-off.

Normally it takes a Boeing

747 eight hours 40 minutes to reach Barbados, but on Concorde it seemed that we had hardly time to relish brunch, unwrap our British Airways gifts - every passenger received a Concorde pen - and write our "wish-you-were-here" postcards before we had arrived.

Now to make the most of your 3½ hours of 90°F Caribbean bliss you have to be organised - and, fortunately, we had everything laid on.

BA's Caribbean staff fast-tracked us through customs to pick up our waiting air-conditioned mini-bus. There followed a whirlwind tour of the southern part of the island: Trafalgar Square, Hastings, Worthing and Bridgetown - gloriously colourful and fit to burst - on what turned out to be a combination of race day and market day.

A quick check-in at our day room in the Barbados Hilton, to change into shorts or swimwear, and it was down to the beach for a dip - more of a paddle in a case - on the hotel's private beach and lunch surrounded by palm trees, hummingbirds and well-built Bajans.

Two rum punches, a plate of flying fish and some frites duly consumed, and it was time to get back in the bus. Pausing just long enough to take a picture of the Kensington Oval - you would be surprised how many West Indian cricketers there are in Woodford Green who want a Holy Relic - and it was back to the airport for the 1.40pm flight.

The bus driver seemed to know most people on the island and he tooted almost every other car as we sped past roundabouts all seemingly named after famous cricketers. I particularly liked the Sir Garfield Sobers

roundabout, decorated with a large, light-up plastic angel in readiness for Christmas.

There was just time to buy a couple of T-shirts and some Mount Gay rum - the oldest in the world, it is claimed - at the airport duty-free shop and we were back on board Concorde.

Phew. No sooner had we soared above the turquoise sea into the brilliant afternoon sun than I was drinking a glass of champagne, contemplating my next meal and wondering if it had all been real.

It struck me as I slipped my glass of Laurent Perrier Grand Siècle - perhaps a bit too fragrant for palates and senses reeling from a quick blast of Caribbean culture - that the wine list is rather too good to serve to air travellers whose critical faculties are dulled by too much rum and sun. Or is it?

Drinking a 1862 Médoc, Chateau La Lagune, while travelling at Mach 2, and listening to Handel's *Oratorio* on the in-flight headset is as near heaven as I am likely to get, particularly as we were at 60,000ft.

It was, I considered, only the merest whiff of the Caribbean, as if a door had been quickly opened and closed. But it was enough to whet the appetite and sustain this truly northern spirit through the British winter.

Waking late the next morning I could have sworn that it was but a dream. As I stepped into the bath the sand between my toes told a different story...

For details of Concorde day trips ring British Airways on 0345-222111. Day trips to New York cost £5,994. Independent companies also organise day charters.

Jill James

Skiing

Japan gears up for its Olympic year

Arnie Wilson goes to Nagano, where next year's winter games are being held

After much saving of face (about 35 vertical metres to be precise), the powerful Japanese environmental lobby has climbed down over its battle with FIS, the International Ski Federation, over the length of the men's downhill course which had threatened the last winter Olympics of the century.

"Everyone involved in skiing is bound to applaud this decision," said Mike Jardine, chief executive of the British Ski & Snowboard Federation.

"Heads needed to be knocked together. Starting the course from as low as 1,680 metres would have produced times of around 1½ minutes, which would have been crazy."

The downhill course, at Happo One in the beautiful Hakuba Valley, had been severely shortened because of environmental concerns.

The Japanese Alps may be known as the "roof of Japan", but the authorities decided that starting the course from an altitude of 1,800 metres, as first planned, would encroach on Chubu Mountain National Park land, and insisted that the course should start from 120 vertical metres lower.

FIS finally threatened to

"pull the plug" on the games by pulling out of all alpine, freestyle and snowboard events.

The Japanese relented. But not entirely. By agreeing to start the course from 1,785 metres, they gave ground on 85 vertical metres, but are clinging on to 35 metres.

'Karamatsy is a rugged peak. I have tried to create a difficult, fast course'

Face and games were saved.

There was far too much at stake for the Olympics to have been genuinely under threat. Apart from the immense construction costs at the three big locations, new roads have been built linking them with Nagano.

City and new bullet trains have been designed to whisk competitors and spectators to Nagano at 275kph. This cuts travel time from Tokyo to the Japan Alps from three hours to just 90 minutes.

Bernard Russel, who took gold in the downhill at the last Japanese winter games at Sapporo in 1972, has

designed the course on Mount Karamatsy at Happo One. He made the best of the environmental constraints, but he is bound to be relieved about the increased technical demands that the lengthened course will demand of the racers.

"We Europeans have an image of Japanese mountains as being rather low and not too steep," he says. "My visits to Hakuba have changed the way I regard mountains in Japan. Mount Karamatsy is a rugged peak. I have tried to create a very fast and difficult course."

Nonetheless, many Japanese ski resorts are small: Shiga Kogen, where many of February's events will be held, is a collection of 21 different areas, all linked, give or take occasional short bus rides and or walks from one side of the road to the other.

But you can visit them all in two days of skiing. The Hakuba Valley, which will host most of the other events, has rather more terrain and some of Japan's more awe-inspiring alpine scenery.

There are half a dozen ski areas stretched along this picturesque valley, dominated by Happo One, which will attract much of the limelight with its much-debated men's downhill



Nagano landscape: the sight that will greet competitors in next year's Winter Olympics

Shinichi Ohtsuka

course. Happo is a genuinely impressive ski resort which would not be out of place in the European Alps.

Apart from offering some challenging skiing, it has a curiously attractive base area with a narrow main street winding through Hansel and Gretel cottages and chalets with mock-Tudor

and cranelated facades. Like something from the blueprint of a Disney theme park.

Tokyo businessmen - often too busy to take a week off - will often try to cram a week's skiing into a weekend. Saturdays and Sundays can be extraordinarily busy on the slopes.

It is common for skiers to arrive by Shinkansen or bus late on Friday or early Saturday, sleep for an hour or so, and be on the slopes almost day and night for the whole weekend.

For those too busy to spare even a weekend, there is the Ski Dome on the outskirts of Tokyo, where they

can spend two hours skiing on artificial snow in an edifice that resembles an Apollo launch pad tilted on its side.

This man-made mountain has two high-speed quad chairs, serving both easy and "more difficult" runs - there is little to choose between them. They are almost a quarter of a mile

long, with a vertical drop of some 250ft (roughly the difference between the disputed Happo One downhill courses).

Although Japanese skiers abroad are often devotees of Helicopter Skiing, domestically they rarely ski off-piste. In some resorts, it is positively discouraged.

A few winters ago fights broke out between some visiting New Zealanders and the ski patrol in Shiga Kogen when the visitors ignored instructions not to ski off piste.

This could be something to do with the Japanese dislike of doing anything which is not organised for them. It can be a double-edged sword.

It means that because almost everyone skis the groomed trails, they can become very crowded, especially at weekends: one Sunday, more than 41,000 skiers were recorded at Naeba. (This is a formidable number even by Japanese standards, and Naeba is one of the busiest resorts in the Japan Alps.) Collisions are inevitable.

If you try to turn one way to avoid a collision, there is a good chance that you will simply ski into the path of another skier. However, skiing off-piste can be a good way of avoiding a bottleneck, not to mention grabbing some fresh tracks in sublime powder which no one else seems to want to ski.

In spite of the climb-down over the downhill course, the Nagano Olympics will be the most environmentally aware yet. Caterers will be using biodegradable bowls made from recycled potato pulp and plates containing recycled apple fibre.

And even though the downhill course is now a respectable length, hundreds of rare Gift butterflies have been lured away from the finishing line by transplanting 5,000 of their favourite *miyama tai* grass and yellow barwort plants to a new location.

high altitude of more than 18,000ft, is run using an old Ford engine.

Personally, I plan to spend Christmas at Marsh Air Force Base in Antarctica, near Villa Las Estrellas, on King George Island. The Cerro Franciscano slope has a vertical drop of nearly 200ft. More than enough to ski off the effects of Christmas dinner. Besides, you get more for your money in Antarctica than St Moritz.

Arnie Wilson

Odd places to ski around the world

Given the choice between glitzy St Moritz and Mount Trashmore in the US (vertical drop 195ft), where would you rather spend your winter holiday? No contest, really. The skiing at Trashmore is rubbish.

Its real name is Riverview Highlands, in Michigan, and the "resort" is a converted garbage heap (hence its nickname).

Other examples include Villa Olvia, Illinois, the only ski area in the world

known to have had a skier run over by a drunken driver. The motorist veered off the road and ploughed into a lift line. In its former existence as a rubbish dump, it was so close to the road that once it had filled up and been converted for skiing, skiers were at the mercy of out-of-control motorists.

There are many odd ski

areas around the world: on volcanoes in Chile and New Zealand; in subterranean caves at Björkliden inside Sweden's Arctic Circle; famously on plastic slopes in Britain; and in little more than fields in Illinois, Alabama and other "resorts" in central US. You can ski on every continent - even Africa. Many ski areas depend

entirely on artificial snow. Cloudmont, Alabama (150 vertical feet) has two towns serving one easy slope and another - which occasionally works up a mogul (bump) or two - slightly less easy.

China has one or two areas without any ski lifts at all. Few Europeans have sampled them. It is a long way to go to ski in a field.

Iran, predictably, does not believe in unsexed slopes, dividing the runs into those for men and others for women - although this is not always possible. One resort, Shemshak, has only one main piste. Chadors, the traditional black head-toe garments worn by many women in Iranian cities, are not practical on the slopes. At speed they tend to do

what Marilyn Monroe's dress did in *The Seven Year Itch* - reveal considerably more than they are designed to hide. So Iranian women skiers tend to wear jeans and shapeless sweaters.

Few South Africans realise that the Drakensberg are the home of one of the oldest ski clubs in the world. But, like Hawaii, skiing is impossible

some winters because it does not snow, and snow-making is impractical.

Conversely, the Japanese resort of Gassan has too much snow in winter so the resort opens only in the summer.

In Awakino, New Zealand, the main rope tow is powered by an old tractor. In Bolivia, the ski area at Chacaltaya, at an absurdly

The village that deserved a bravery medal

Christopher McCooey hears a 17th century story of heroism and sacrifice in Derbyshire

If you like beer, dogs spread over floor and seats, tasty food and coal fires, then The Three Stags' Heads at Wardlow, north-west of Bakewell, in Derbyshire, is for you.

Geoff, the landlord, may look like a hungover Viking but is most convivial - he also makes pots and plates for sale. In my list of real pubs I have known, loved and lunched out of, this comes in the top five.

It was just as well that I only had a bowl of sweet and sour vegetables for lunch, as we were walking to Eyam and there were still a few miles to go across pasture land separated into small fields by dry stone walls. Some of the squeeze-stiles were so narrow that pudding might have meant a detour. Although Saxon in origin, it was events in the 17th cen-

tury that put Eyam on the map. The place, like Malta after the second world war, deserves a medal.

The year was 1686 and, as the story goes, an itinerant tailor, George Viccars, had arrived in the village from London and was lodging in the cottage owned by Mary Cooper, a widow, who lived next to the church. The cloth he had brought with him had become damp during the journey so he spread it to dry in Mrs Cooper's garden.

It is believed that rat fleas, infected with the bacilli which causes bubonic plague, had hitch-hiked in the cloth from London; when it was shaken, some of them hopped on to the tailor and bit him.

Within a week George Viccars was dead. He was buried on September 7 and that, so far as posterity was con-

cerned, should have been that.

But in the next three weeks there were a further six deaths in four neighbouring cottages. The fear and panic in the village must have been palpable. As the outbreak began to take hold, those who could left - some to stay with relatives elsewhere, others to live rough in the hills.

William Mompeyson, the rector, was urged by Catherine, his wife, to leave. He refused because he considered it his duty to administer to the afflicted in the village. The rector told his wife to take the children and leave but she stayed with her husband. That decision cost her her life, but the children went to relatives in Yorkshire and survived.

The full and tragic story is told in the church and

museum. In effect, the rector persuaded the villagers to quarantine themselves. A *cordon sanitaire* was thrown round the village - at designated places on the boundary, messages, goods and

The setting for the stately home is splendid, on the left bank of the river

food were left. To pay for the items, the villagers left their money under water or in holes drilled in stone and filled with vinegar which was believed to disinfect the coins.

Out of a population of

about 800, 280 died in 14 months. Of the Hancock family, only the mother survived. She buried her six children and her husband in an open field as the church and graveyard had been closed to prevent contagion. But the plague did not spread to surrounding towns and villages.

Close to Eyam is Chatsworth, the country seat of the Cavendish family who were first earls of Devonshire, later elevated to dukes.

The setting for the stately home is splendid, on the left bank of the river Derwent, and surrounded by park land laid out by Capability Brown. The 6th Duke wanted to live in splendid isolation and pulled down the village of Edensor, which intruded on his view from his palatial pile. This is not

quite as despic as it might seem - he built a second Edensor for the displaced out of sight.

It was one of his ancestors who played a part in the Eyam heroics. The Earl of Devonshire, at the time of the plague, arranged at his own expense for food and medicine to be taken to the parish boundary of Eyam and left at a dropping-off place.

I do not subscribe to the cynical view that it was a small price to pay for his own immunity. I like to believe he did it, like the villagers of Eyam seem to, out of Christian duty.

The Royal Oak, Townhead, Eyam via Sheffield, S30 1RE. Tel: 01433-621390 does B&B for £20 per person. The beer in The Three Stags' Heads at Wardlow is brewed by Abbeydale.

THREE STAGS' HEADS

Geoff & Pat Fuller



Geoff Fuller: landlord and potter

Chris McCooey

PROPERTY

Canny buyers ride crest of the wave

Anne Spackman looks at the dangers facing first-time buyers

Like surfers, first-time buyers react to news of a big wave of house price increases by rushing to catch the crest of the wave, rather than the more advantageous, calmer waters which precede it.

This year has been a classic example. Twentysomethings who just two years ago considered owner-occupation a waste of time have been catapulted into the property market by news of rocketing prices.

Fears of "missing the boat" have turned confirmed renters into buyers. As Gary Marsh of the Halifax puts it: "There is no doubt the first-time buyers are back."

Around 44 per cent of this year's mortgage lending has been to first-time buyers, according to the Council of Mortgage Lenders. With

cash buyers making up around 20 per cent of the market, this means first-time buyers will account for around one in three of this year's purchasers.

If, as expected, the number of housing transactions is around 1.4m this year, this means sales to first-time buyers will be at what Alan Holmans of Cambridge University considers their "normal" rate of 470,000 a year. In the early 1990s, the numbers were a lowly 400,000.

New buyers have had plenty of encouragement from the mortgage industry. The Halifax, Britain's biggest lender, has upped its mortgage lending ratio to 3.25 times salary for single applicants. Even the 100 per cent loan, which led to negative equity in the last recession, is again being offered occasionally.

Other banks are selling their products hard. Emma Smith, a first-time buyer in London, responded to a full-page Midland Bank advertisement in a women's magazine and received a smartly bound, comprehensive home-buyer's pack, followed by a phone call. She thought the marketing was very good, but opted to arrange her mortgage through a broker, who came up with better deals.

Are this generation of first-time buyers making a wise move? Nationally, the answer would appear to be yes - but not as wise as it would have been last year.

Outside the south-east of England, this year's first-time buyers have almost certainly made a wise move. Indeed, there is still time to make it now. Price rises have been modest or non-

existent in many UK regions. This is particularly true for the cheapest properties, which first-time buyers have traditionally bought.

The latest special report in the monthly survey by the Royal Institution of Chartered Surveyors focuses on north-west England. In the last three months, around 50 per cent of agents there say the prices of large houses have increased and around 40 per cent say the same for bungalows and terraces. When it comes to flats, a majority of agents say prices are stable or falling.

First-time buyers - or, indeed, investors - can pick up small properties for low prices, but they have to be careful what they buy. Owners of the cheapest properties were hardest hit in the last recession. Today's buyer needs to choose a building and location which are able to withstand any future downturns in the property cycle.

And what of the first-time buyer in London? Those who completed their purchase a year ago will already be acclimating the financial rewards of owner-occupation. Those who have bought more recently may worry that they have repeated the mistake of the last wave of first-timers in the late 1980s, buying at the top of the market.

Emma Smith, who works for the property company Savills, took that possibility into account when buying her first flat last month. "I felt it was very important to buy in a central location and to find a place where I could add value, because prices have already risen so much," she says.

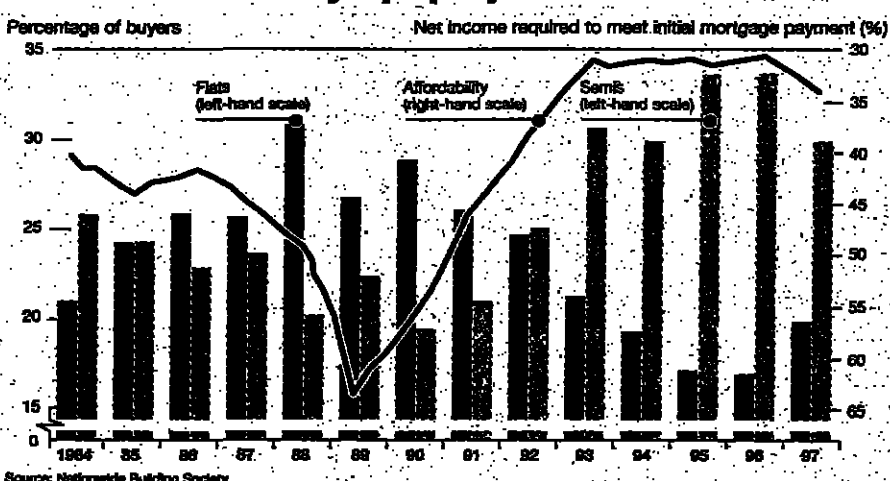
She bought a two-bedroom flat in Fulham which required rewiring, roof repairs and redecoration. It cost her £140,000.

She had initially started house-hunting at the beginning of the year, but the



Emma Smith: I felt it was very important to buy in a central location and to find a place where I could add value

Trends in first time buyer property

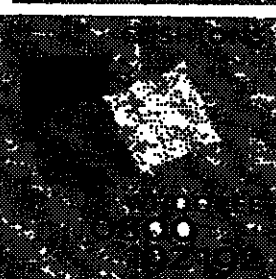
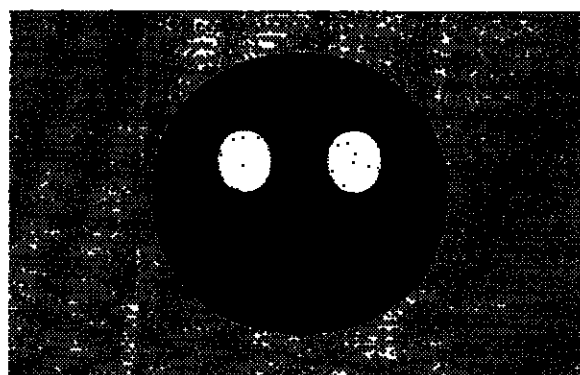


The Nationwide building society's first-time buyer affordability index dipped in 1997 for the first time in four years. Buyers who had previously needed to spend 30 per cent of their net income on their mortgage, found that figure rising towards 35 per cent.

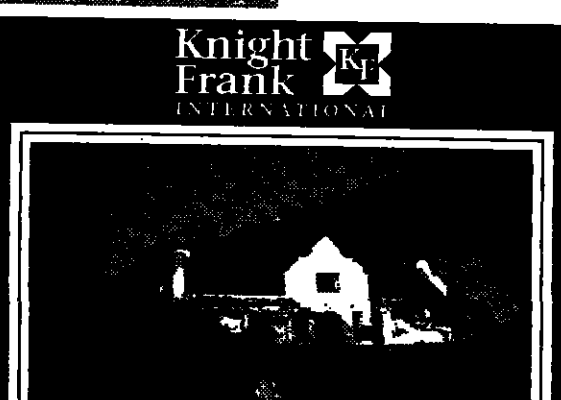
However, compared with the heady days of the late 1980s, this is still very low. In 1989 first-time buyers had to spend nearer 65 per cent.

The chart reflects the decline in affordability in a second way, by showing a big shift from buying semi-detached houses to flats. Paul Sanderson, head of research at the Nationwide, says this trend is entirely due to price rises in London and the south-east forcing buyers in those areas downmarket. It is also reflected in the mix of new developments in London, where the proportion of one-bedroom flats and studios is rising.

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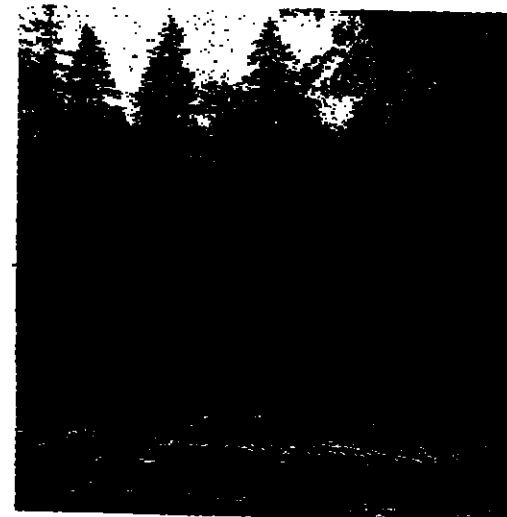


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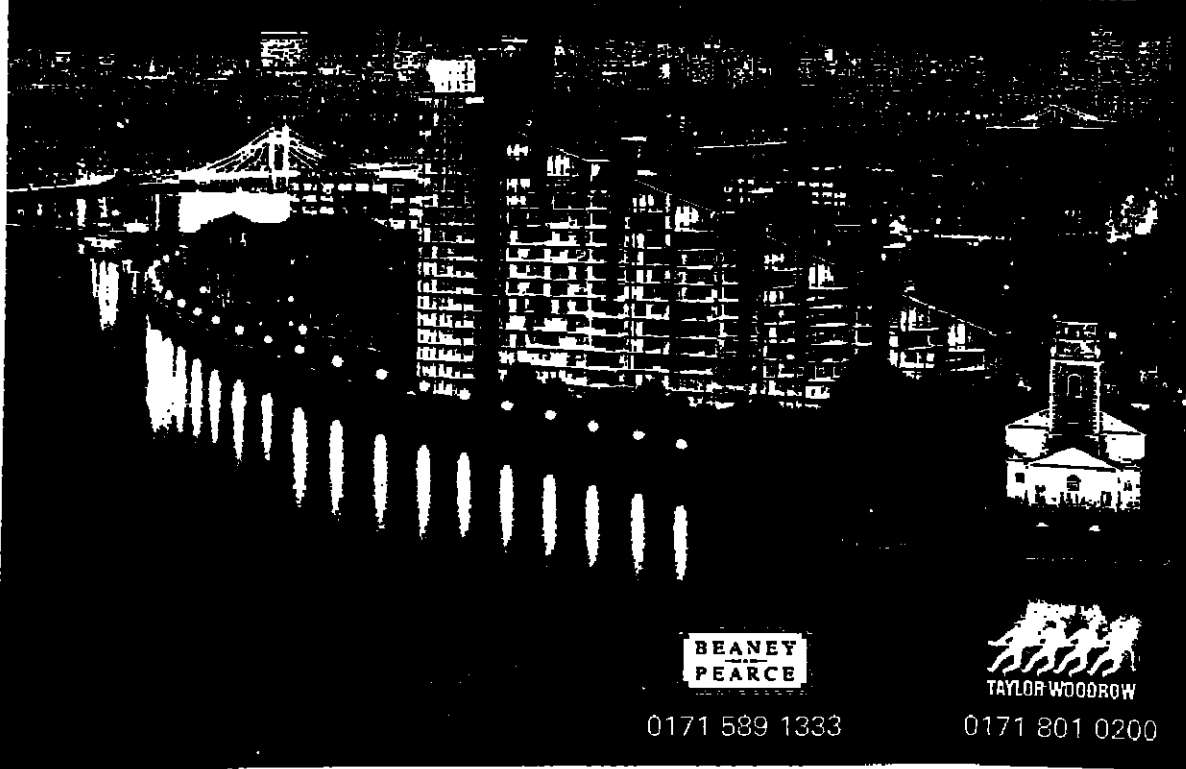
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FOOD AND DRINK

Powerful, intense white Christmas

In the second half of her Christmas wine report, Jancis Robinson looks at everything but red and urges us to invest in 1996 whites

Tis the time to be jolly, inspired by fine fizz, sharpened by racy rieslings, and consoled by wines richer and more potent than we would normally puzzle.

Deals on champagne abound. While The Wine Society sharply undercuts both high street and supermarket on Alfred Gratien champagne, top Tesco's boast Krug at around \$65 a bottle (almost exactly the same as independent merchants charge).

SPARKLING

Domaine de l'Aigle, £7.95, L.S. A hand-crafted answer to champagne from the Pyrenean foothills around Linox. Very slightly hard but not horribly acid and attractively dry.

Green Point 1994 Australia £11.49, widely available. Stern, rigorous, slightly austere but should develop well. This is one of the most reliable alternatives to champagne.

Hollick Sparkling Merlot 1994 Coonawarra £12.62, L&W, £12.99, Noel Young. A very odd way to treat Coonawarra Merlot but the dry, deep damson result is fascinating. The oddest wine I have tasted all year.

Cramant Grand Cru Blanc de Blancs, Guy Larnaudier £15.60, Tanners (01743-234455). One of a fine range of growers' champagnes imported by this enterprising Shrewsbury merchant.

Gimmonet Blanc de Blancs £15.99, Oddbins. Excellent value for a young but characterful premier cru grower's champagne: comes down to £13.71 in Oddbins' wide-ranging "seven for six" (bottles) offer.

Vilmaut champagnes from £18.75. Gambleys of Nottingham (0115-911055). Consistently inspiring.

Alfred Gratien £19.99 OFW, £19.95, Sainsbury's, £14.75, The Wine Society (01438-741177), members only. Very meaty and, certainly in the case of "The Society's Champagne", well aged.

Pommery 1990 £19, Bibendum. Take advantage of this special Christmas offer but



this tart, sinewy wine will probably be at its best for millennium celebrations.

Ruinart 1990 £25.99, Wine Rack. Bottoms Up. One of the bargains of the season. A fully mature champagne. Complex. The business but only limited quantities, alas.

Charles Heidsieck Mis en Cave 1994 £21.99, 1993, £23.99, 1992 £25.99. Here's a dramatic illustration of what it costs to mature champagne, imbuing deeper flavours with every extra year. A great idea (which would work even better on a reticent style like Bollinger's), if off-licence staff can get to grips with it.

Billecart Salmon 1989 £26.95 L&S, £29.99, Oddbins. Note that L&S has passed on the money it has saved by buying this fine champagne in France. Oddbins' price comes down to £25.71 if you take "seven for six", but the L&S case rate is £24.62.

SOUTHERN FRANCE, RHONE

St Martin de la Garrigue Blanc 1996 Coteaux du Languedoc, £6.36, OWL. Skillful blend of southern grapes including Marsanne perfumes this intriguing dry

white with a beginning, middle and an end.

Lirac Blanc, Cuvée de la Reine des Bois 1996 Dom de la Mordoree, £9.95, L&S. Exciting, powerfully flavoured convincing blend of Marsanne, Viognier and Grenache Blanc with a bit more concentration than the St Martin white above.

Domaine Gauthier Vieilles Vignes 1996 £10, Bibendum. From Roussillon's star white winemakers an intense blend of Grenache Blanc, Maccabeu and Carignan Blanc with smoky punch which should continue to acquire richness over the next two years.

Condrieu Les Terrasses du Palat 1996 Francois Villard, £17.95, ABA. The most exciting Condrieu to have come my way. Germanic tension. Just as dramatic, but much richer is his Coteaux du Fondon £18.35.

Condrieu La Galopine 1995 Delas, £18.80, Nicolas. Enormous. Suggestions of choux buns and marzipan but, just, enough acidity. For sabbath.

LOIRE

Gather ye 1996s while ye may. Sauvignons, Chenins and Melons (as in Muscadet)

KEY TO THE WINE CELLAR

ABA Adam Boscovitch Associates (0171-793 1902)
Ch Chateau
BBR Barry Bros & Rudd (0171-396 9800, 01259-323555)
Dom Domaine
HHC Haynes Hanson & Clark (01451-570986, 0171-259 0102)
L&S Lee & Sandemann, (SW10) 0171-376 4767, W8 0171-221 1922, SW13 0161-978 8943, see also last week's list
L&W Lay & Wheeler (01206-784448)
OFW Oddbins Fine Wine (HQ: 0181-944 4400)
OWL O W Loeb (0171-928 7750)
La Res La Réserve London SW5 (0171-589 2020)
Clapham Cellars SW41 (0171-978 5801)
Heath Street Wine Co NW3 (0171-435 6848)
Le Picoleur W2 (0171-402 6920)
Sagave Vin SW6 (0171-382 8534)

were all superlative and will tide you through the selling period for the drier 1997s nicely.

Muscadet Vieilles Vignes 1996 Yves Bretonnière, £5.56, ABA. Explosive flavours of smoke and sauerkraut - rather like a Wachau Grüner Veltliner.

Montlouis Sec 1995, Clos de Cray, £5.99, Majestic. Full, meaty, with a hint of almonds and lots of acid.

Sauvignon de St Bris 1996 £5.75, Gallery Wines (01483-203785). Stunningly full and ripe for this often scrawny appellation, about to be renamed St Bris in a fit of anti-cepage political correct-

ness. Menetou Salon Les Morogues 1996 Pellé, £5.99, Majestic. Excellent value for a Sancerre taste-alike.

Pouilly Fumé 1996 Dom Masson-Blondelet, £7.49, Waitrose. Exciting, dense and lively.

Reuilly Le Croz 1996 Claude Lafont, £7.50, Nicolas. Smoky Sauvignon with a French twist - substantial but (and?) not especially aromatic.

Menetou Salon 1996 La Tour St Martin, £7.99, L&W. Smoky, lovely satiny texture and long-flavoured. Sancerre La Croix aux Gardes 1996 Pellé £7.99, Odd-

bins. Pungent green fruits and lively follow-through. See also sweet wines.

BURGUNDY

White winemaking has not improved as markedly as red, but from a run of good vintages there are still fine wines aplenty, with those below top level comparing increasingly favourably in price with the best of the New World. Note relative prices of Chablis from independents and the rest.

Mâcon Davayé 1996 Dom des Deux Roches, £5.99, Oddbins. Full, chewy and structured. Will improve, as the price has done by coming down by £1 since the summer, like that of the Pellé Sancerre above.

Mâcon Sotiré 1996 Avigne, £5.99, Waitrose. One month in oak, sleek, substantial, just the job.

Pouilly Vinzelles Tastevine 1996 £7.99, Majestic. A wine with a powerful punch.

Montagny 1994 Ch de Cary Potet £7.95, La Res. Looks worth £15 and tastes certainly worth £9. Bourgogne Blanc 1996 Verget, £8.98, L&W. The tense and taut Verget style at an extremely good price. Said to be a blend of wine

from Puligny Montrachet and Meursault matured on the lees of smarter wine. It works.

St Romain, 1995 Jaffein £8.99 Aveyrs (01275-811100). Fine, delicate, with well-judged oak for drinking over the next year or so.

Chablis 1995 Corinne Perchaud, OWL, £9.01. Correct, pure, racy now.

Chablis Vieilles Vignes 1996 Olivier Savary, £9.50, ABA. Rather pretentiously heavy bottle but truly a wine for the long term.

Chablis Beauregard 1994 Dom St Julien, £9.95, Waitrose. A racy, absolutely correct example from Brocard.

Chablis Fourchaume 1995 Ch de Maligny, £9.99, Thresher. Not steely and youthful like the 1994 but solid classic stuff for drinking now.

Chablis Côte de Lechet 1996 Damp, £10.80, HHC. Excellent knife-edge steely Chablis for drinking in the next millennium.

Bourgogne Pinot Beurot 1995 Dom Thevenot-le-Brun, £11.95, La Res. A curiosity, labelled with full Tastevinage pomp, made from Burgundy's own, distinctly skinny variation on the usually fat Pinot Gris. The shops also have a mature

1992 Bourgogne Blanc, a blend of Chardonnay and Pinot Beurot which is even better value at £9.85.

Pernand Vergennes Les Vergennes 1995 Fery Meunier, £12.53, OWL. Excellent intensity and promise from J J Confuron's winemaker.

1995 Meursaults from Dom Michel Bonzeau at BBR. Les Grands Charbons at £18.60 could already give great pleasure, while the finer Genevrières at £29.50 is for the future.

Meursault Goutte d'Or 1994 Gaimoux, £21.74, OWL, also Uncorked (0171-638 5998) £24.95. Deliciously savoury with quite restrained oak and slyly taut texture.

For a range of Lafon Meursaults, £45 to £150 a bottle, try Harvey Nichols on 0171-235 5250. L&W may have some Coche Dury.

ALSACE

Wonderfully versatile wines suitable for both the table and as aperitifs. 1996-97 an excellent trio.

Riesling Bollenberg 1996 Haegelin, £5.59 from £6.49 Majestic. Fine and delicate. Hugel Tradition/Gentil 1996 £5.65, Oddbins. Sainsbury's, £4.85, Wine Society. Smoky, eloquent ambassador for Alsace. "The Society's" version of this blend is again the bargain.

Waitrose Alsace Gewurztraminer 1996 £5.99. Full and savoury from the Beblenheim co-op. Very slightly lacking acid but not too overblown.

Tokay Pinot Gris 1995 Matern Haegelin et ses filles £5.99, from £7.99 Majestic. Off dry but lots of acid and great with food.

Riesling 1993 Hugel £5.49 Oddbins. Already quite mature but with a steely dry finish. Good value.

Gewurztraminer Jubilee 1995 Hugel, £14.49, OWL. Unusually intense, nervy and concentrated for this often rather tart grape. Very convincing.

Pinot Gris Cuvée Caroline 1995 Schofflitt, £11, BBR. Tangy lime syrup with texture.

Riesling Grand Cru 1995 Dom Mittnacht, £12.50, BBR. Lots of terroir, and even evolution. Taut, powerful.

German wines make far more refreshing aperitifs than any but the best champagne. Nature has compensated German wine for its deep unfashionability with the most consistent string of good vintages imaginable.

Wines are getting drier and easier to appreciate with every year. Many serious bargains here. See also some extremely fine, racy Austrians at Bibendum and Noel Young Wines (01223-844741).

Serious wines – serious bargains

A series of fine vintages in Germany and Austria has produced some splendidly drinkable whites

GERMANIC

K Vineyards Riesling Kendermann £4.99, Oddbins. Full, vigorous, almost New World style from the Rheingau.

Erdener Treppchen Riesling Kabinett 1986 £4.99, Victoria Wine Cellars. Slightly

hard at the end but excellent value. Do not attempt with food. (Too light.)

Ockfener Backstein Riesling 1996 Dr Wogner, £5.45, Waitrose. Fully, fruitily, almost Australian.

Huxelrebe Spätlese 1996 Wittmann, £5.99, Oddbins. Curiously fruit, very lively, ready to drink in the late afternoon ideally.

Dr L Riesling QbA 1996 £5.99, Waitrose. Lively, zippy off-dry. Lots of fruit. Yes! Vibrant, modern. The '96 for the same price at Thresher is nearly as exciting.

Serrig Herrenberg Riesling Kabinett 1995 £5.99, Fullers. A reviving taste of spring in this delightfully open Saar wine.

Avelsbacher Hammerstein Riesling Auslese 1989 £6.45, Waitrose. Much better value than the 1989 Kabinett. Majestic are selling, also from the Trier State Domain, at the equally ridiculously price of £3.89. Fully mature Mosel - a rarity at this price.

Dehesheimer Leinbühle Riesling Kabinett Halbtrocken 1996 von Buhl £5.99, Majestic. Masses of lively grapefruit character. Not at all sweet.

Armand Riesling Kabinett 1996 von Buhl, Pfalz, £7.49, Oddbins. Von Buhl is on a roll. Crystal clear flavours and no excess of sweetness in this deliciously racy aperitif. Just 10.5 per cent alcohol.

Niersteiner Pettenthal Riesling Kabinett 1994 Gunderloch, £7.50, J&B. Seize any Gunderloch wine you can find. They are all exceptionally user-friendly.

Hochheimer Hölle Riesling Kabinett 1995 Domdech Werner, £8.75, BBR. Full, smoky, off-dry wine that would make an even more evolved aperitif than the elderflower-scented Hochheimer Riesling 1996.

Adams are selling for £8.55. The old Victoria Wine still has some delicate 1995 for about the same price.

Forster Jesuitengarten

SOUTH AFRICA

Lots of less stirring, not too much oak, some nicely balanced Chardonnays and attractively lean Sauvignons but many wistful whites too. The South African Wine Centre (0171-224 1894) is a good source.

Jacobs Bush Vine Chenin Blanc, 1996, £4.99, Fullers. Rich and ambitious, full of leesy flavour - not a million miles from Chardonnay in style, with less substance.

Springfield Estate Sauvignon Blanc Special Cuvée, 1997, Robertson, £5.99, Waitrose, Bibendum, Sainsbury's and January. Off-dry, pungent, in the delicious style of Mulderbosch (John Armit Wines 0171-727 6848). Good value.

L'Avant Chardonnay 1996 Stellenbosch, £7.99, South African Wine Centre Big, beefy and arresting; for immediate consumption.

Bouchard Finlayson Kalkmannsgrat Chardonnay 1996, £8.50, Waitrose, Bibendum. From one of the country's coolest vineyards near Hermanus, big fully ripe fruit in notably sweet, interesting form.

Klein Constantia Reserve Chardonnay 1995, £10.49, Bibendum. Cool, lean, restrained Chardonnay with lots of milky less character.

Hamilton Russell Chardonnay 1996, £10.99, Aveyrs, OFW. Creamy, gulpable vintage that should continue to develop for another year or so. Some real subtlety.

Riesling Spätlese 1996, von Buhl, £9.49, Oddbins. Wonderfully classic, explosive mixture of ripe berries, honey and delivery. Sip this after dinner, in 2007 perhaps.

Schlossbühlheimer Kupfergrube Riesling Kabinett 1993 Nahe State Domain, £9.70, OWL. Terrible Prussian label but really exciting to taste. This off dry wine is powerful enough to serve with fish or salads and will age for years.

Jean Baptiste Kabinett 1996 Gunderloch, £9.99, Majestic. Great potential. Sleek with almost painful acidity. Limited stocks.

Webster Sonnenrühr Riesling Spätlese 1995 J J Prüm, £16.50, J&B. The summit of Mosel, the aperitif. Already brachable but will improve for many years.

SPAIN

Sharp contrast between increasingly good versions of international styles and increasingly exported indigenous classics such as the lovely racy Galicians.

Nekeas Barrel Fermented Chardonnay 1996, £4.99, Fullers. Remarkable price for an oak fermented wine with lots of less character and good acidity. See also Oddbins' Monjardin and Vega Sindoa for another 50p.

Vinas del Vero Chardonnay Somontano 1995 £5.99, Victoria Wine Cellars. Full and fully developed but otherwise excellent value for fans of butterscotch Chardonnay.

Burgans Albariño 1996 £5.99, Oddbins. The Galician grape with the peachy Viognier perfume and the steeliness of Riesling underneath. Thresher also has a £5.99 version, the very slightly harder Condes del Alberel.

Lagar de Cervera Albariño 1995 Rias Baixas, £8.99, Victoria Wine Cellars. Lovely delicate scented thing with lots of acid and food friendliness. Owned by La Rioja Alta.

Vilerna 1996 Ribeiro £7.95, Adams. Minerals, lemons and very slight fizz. For an aperitif or drinking

with a wide range of foods. The one of three excellent Galician whites in this price range imported by Adams which sports the most dire label but the greatest potential.

ITALY

Most improved oldtimer. Catarratto Barrique 1996 £5.49, Oddbins. It takes outsiders such as Kiwi Kym Milne to realise the full potential of widely planted, and therefore scorned, indigenous grapes such as this. Sicily's most planted. Lots of interest coaxed out of these bush vines, part barrel fermented and left on the lees. For Chardonnay lovers?

Pinot Bianco 1996 Drins £6.25 ABA. Exciting zap from Friuli with the deep fruit of a good Alsace.

Avignonesi Il Marzocco 1998 Chardonnay di Toscana £8.45, Waitrose Inner Cellar. Good value for such a creamy-sweet example. Not smooth but challenging and interesting.

Fonterea 1996 Fattoria dei Manzoni, £15.95, L&S. A fascinating (and of course extremely well-dressed) addition to any dinner party. Tuscan blend of Viognier with twice as much Chardonnay (see below). The combination of sweet oak, Viognier scent and Chardonnay substance works.

CALIFORNIA

Viognier and Chardonnay are the darlings here, too, and work well when blended, as in Qupe's California version imported by Morris & Verdin and £16 at Harvey Nichols, which has a fine, if expensive, California selection. M&S' has a respectable Uruguayan blend at £5.99 and Tesco sells a pale southern French version at £4.99, complete with snowflakes that appears on the label when the bottle is cold enough.

the bottling looks increasingly good value. Fine effort.

Calera Central Coast Chardonnay 1995 £10.95, Majestic, Bibendum. Very rich, almost dangerous, peachy taste of California. Drink soon. Calera's Viognier 1996, all 14.5 per cent alcohol of it, is even more dramatic, almost electric in its appeal. £20 from Bibendum.

Edna Valley 1995 Paragon Chardonnay £10.95, Waitrose Inner Cellar. Extremely full

Continued on Page XIX

WORLD INSURANCE REPORT

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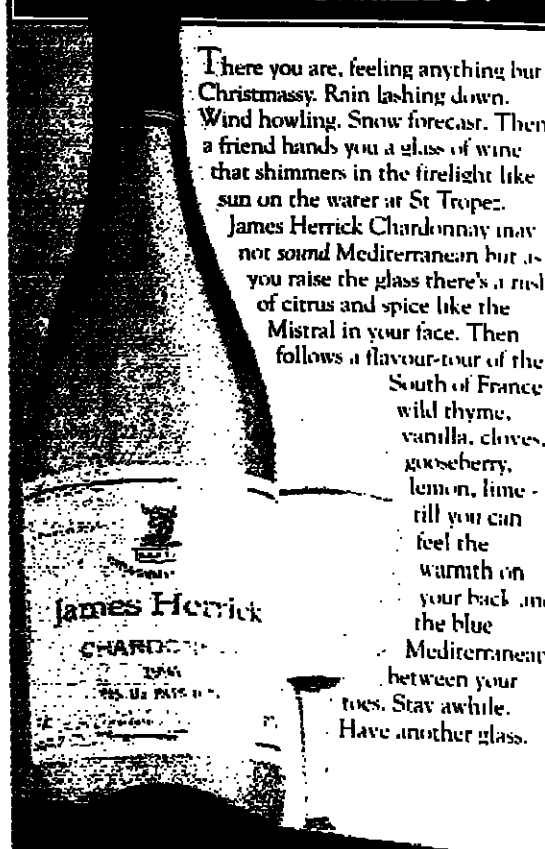
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Just what you need for a Christmas break: Mediterranean sunshine.

There you are, feeling anything but Christmasy. Rain lashing down. Wind howling. Snow forecast. Then a friend hands you a glass of wine that shimmers in the firelight like sun on the water at St Tropez. James Herrick Chardonnay may not sound Mediterranean but as you raise the glass there's a rush of citrus and spice like the Mistral in your face. Then follows a flavour-tour of the South of France - wild thyme, vanilla, cloves, gooseberry, lemon, lime - till you can feel the warmth on your back and the blue Mediterranean between your toes. Stay awhile. Have another glass.

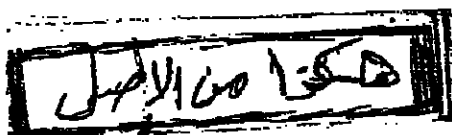


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FOOD AND DRINK

Appetisers Conran opens another venue

Among the new London restaurant openings is Conran's latest offering, Orrey. More intimate in style than his other properties, it is situated at 55 Marylebone High Street (tel: 0171-616 8000). Also in that part of the capital is Ible, a shop and restaurant specialising in south Italian and Sicilian food. It now operates from the former Villandry site at 88 Marylebone High Street (0171-224 3799) with the new, more spacious Villandry now situated at 170 Great Portland Street, W1 (0171-631 3131).

Just north of Oxford Street, at 48 Blandford Street, La Spigetta is serving formidable pizzas from its wood-burning oven (0171-486 7340).

The second Liveait has opened at 21 Wellington Street, Covent Garden (0171-836 7161). Next to the Lyceum Theatre, it is a must for fish-loving shoppers and theatre-goers.

Also in the West End, former merchant banker Christopher Bodker has opened Circus at 1 Upper James Street (0171-534 4000), a sister restaurant to Avenue in St James's Street (0171-321 2111).

For those with a passion for more spicy cooking, Chor Bizarre has opened at 16 Albemarle Street, Mayfair (0171-492 9802).

Around the City, Nacho Martinez has taken over the stoves at Gaudi, 63 Clerkenwell Road, EC1, (0171-603 3202) and is cooking wonderfully authentic Spanish food.

Tentation has opened at 2 Mill Street, Lloyds Wharf, SE1 (0171-237 1100) with a Venetian chef, Alessio Brusadin.

Nicholas Lander

Continued from page XVIII

blown, macerated melons, even full-throated butter-scotch flavours - and why not? Rained in at the end by (just) enough acidity.

Rutz Cellars Chardonnay 1993 Russian River £12.99. OFW. Spicy, liquorice, rich, almost Viognier-like.

Talley Chardonnay 1994 Arroyo Grande, £14.99, OFW. Liquid butterscotch but, miraculously, not flabby.

CHILE

The 1997 whites are, overall, a bit disappointing especially compared to the reds currently on sale. Perhaps a combination of young vines and high yields.

Vina Casablanca White Label Chardonnay 1997 £5.49. Majestic, Oddbins. Casablanca grapes provide an odd honey, almost Sauvignon-like note. Attractive and racy. The barrel-fermented 1996 Casablanca Chardonnay from Oddbins at £8.49 stands up well in comparison to Errazuriz La Escultura Wild Ferment Chardonnay 1996 Casablanca, £8.99, Oddbins. Notably spicier and more interesting than the version made using cultured yeasts.

ARGENTINA

Who would have thought

it would be producing fancy Chardonnays to soon?

Catena Agrelo Vineyard Chardonnay 1995 £7.99, Fullers, £8.95 Safeway, £9. Biddum. Extraordinarily appetising for Argentina, and better value than the £20 Alta version. Made by Paul Hobbs from high altitude fruit with a delicate, Californian touch.

Very slightly sweet but lasts extremely well in an open bottle.

AUSTRALIA

The Australian Wine Club (0800-862604) is a fine source of hand-picked specimens that differ from what has been the blowy, heavily oaked Chardonnay norm, although there is a general and welcome move to the country's cooler sites.

Yarra Valley Hills Riesling 1996 Victoria, £6.99, Oddbins. Lively, appetising, with green fruit flavours.

Basedow Barossa Chardonnay 1996, £7.49, Waitrose, Biddum. Lemon flavours and satin texture.

Frankland Estate Riesling 1996 £8.55, La Res, Noel Young. Delicate, dry racy version from a cool corner of Western Australia.

Reynolds Chardonnay 1996 Upper Hunter £6.99, L&W. Full, marzipan flavours but not too big for its boots.



LEAVING JAMES ALONE WITH ROOT VEGETABLES WAS NOT ALWAYS SUCH A GOOD IDEA

If you like food and have a wacky sense of fun, then Glen Baxter's 'Gourmet Guide' (Bloomsbury, £12.99) may be the perfect present. Great jokes and drawings

into early retirement. Upstairs, but for an old wooden door, you would hardly know it was an Indian restaurant. A designer has been in, and the waiters and waitresses come from just about everywhere.

The food has been given a face-lift too: chicken samosas with mint, excellent little puri, a Hyderabad lamb curry, minced quail balls like Scotch eggs, and wonderful banana kuli. It is a pity, however, that the recipes come from all over the geographical shop. Will no one isolate the regional cooking of the sub-continent?

Goodish but expensive wines. Count on £30 a head.

Veeraswamy, 101 Regent Street, London W1; tel 0171-734 1401. Giles MacDonogh

In Crescent Road, Tunbridge Wells, Kent, Robin Hudson and Gerard Basset have opened their second Hotel du Vin & Bistro (tel 01892 526455, fax 512044).

As with their initial Winchester hotel (tel 01862-841414, fax 842458), the emphasis is on hearty cooking, a catholic range of wines by the glass and bottle and the use of wine memorabilia as interior design at every available opportunity.

The spacious bedrooms cost from £69 to £99 per night. NL

The new 1988 vintage of Louise is out with a new bottle and in new packaging. This top cuvée from the champagne house of Pommery is one of the most elegant wines of all: a pure chardonnay blend from the villages of Avize and Cramant and already showing that slight hazelnut aroma of great old blanc de blancs.

It costs £59.99 from branches of Majestic or it can be obtained by mail order from Bibendum (0171-916 7706) or Roberson (01703-371 2121). Lydia Cahill (01703-371 6105) should be contacted for small quantities of earlier vintages, such as the lovely 1982. GMCD

Chardonnay 1995 £11.50, Bibendum. Savoury substance. A serious wine.

SWEET WINES

If you like botrytis, buy as much 1996 Loire and Burgundy wine as you can afford. If you go for sheer immediate appeal, stock up on middle Loire 1996s; they are irresistible, and Coteaux du Layon is almost a dead cert. Thank goodness the Australians negotiated an EC export treaty for their stickies. If only the Kiwis and Canadians (in ice wine land) would do the same.

Kirchheimer Schwarzwarte Beerenauslese 1994 Zimmermann Graeff, £3.99 half (37.5cl), Fullers, £4.35, Waitrose. Not fine but good value.

Coteaux du Layon Chateau 1996 Dom Cady £9.99, Oddbins. If you like appetising sweet wine then run, as they say, don't walk to your nearest Oddbins. This modestly labelled wine is one to wallow now.

Ch de Mayragnes Gaillac Doux 1996 £10.95, Madeleine Trehearn (0171-435 6310). Made by Alan and Laurence Geddes from very late picked Len de l'El grapes, although there is a certain Mauzac-like apple peel astringency.

Rymill Coonawarra Botrytised Gewurztraminer 1996 £5.99 half, Victoria Wine Cellars. Lots of noble rot character and not much Gewurz, which is surely the right way round. Beefy, sticky, tawny and good value.

Wellman Sonnenalp Riesling Auslese XX 1995 Karpfen £13.20 Tanners (01743-234500). Tastes more like a Beerenauzelese. Very rich. Good acidity. Fine value.

Brown Bros Late Harvest Riesling 1995 King Valley, £8.99 half, Waitrose. Again, not much Riesling character but lots of lively, limey sweetness.

Coteaux du Layon Beaulieu, l'Anclaise 1996 Ch Pierre-Bise £12.95, 50cl, L&S. Thrillingly successful with bright fruit and lots of tangy acidity, too. Wonderfully open and enjoyable already.

Whisky

Mild-mannered lowlander

Giles MacDonogh looks at the character of Glenkinchie

History has been unkind to the Lowlands, at least so far as malt whisky distilleries are concerned. There used to be a couple of dozen of them. Now there are just two - Auchentoshan and Glenkinchie - although Blacknoch, formerly Scotland's most southerly set of stills, is due to reopen as a distillery museum and will fill the occasional cask of malt.

Edinburgh has always protected Glenkinchie, a large Victorian distillery which sits in a bowl in the Pentlands Hills. It started out as a farmhouse malt: local farmers used to supplement their incomes with a little illicit distilling and lugged earthenware jars filled with coarse spirit into Edinburgh to sell in the pubs.

These primitive distilleries were shut down in the first half of the last century, and in Glenkinchie's case, the farm was bought up by the Rate brothers who opened a modern distillery there in 1887.

It was still a farm, and it still is; the fields are now leased out. Until 1968 Glenkinchie had the distinction of distilling home-grown barley. Bankruptcy finished off the Rates, like so many who have tried to live by whisky. A consortium of Edinburgh businessmen built the present buildings in the 1880s together with a model village.

It was the time when grocers' proprietary blends were taking off, and once again there was thought to be gold in them there hills. Rare for a Scotch distillery, it was neatly built in brick and not stone. The handsome maltsheds are now listed and United Distillers may not change a thing.

This is a pretty part of East Lothian, and worth a detour. The distillery museum has been reordered since my last visit and a lot of flashy audio-visuals and talking heads with beards have replaced the more homely clutter which once reigned.

The Mincipin of the collection is still the huge distillery model, however, which was made in 1924 for the British Empire Exhibi-

FT reader whisky offer

The FT is pleased to be able to offer a special bottle of 1976 malt whisky for the festive season in conjunction with London wine merchants La Reserve. Highland Park on Orkney is Britain's northernmost distillery and consistently rated as one of the half-dozen or so best. The malt is still dried in peat-fired kilns. The FT recommended malt is an exclusive bottling at 46 per cent from a single refilled Jerez butt. The wood is too old to colour the spirit (it is notably pale), but it has given it an alluring fruity smell and a waxy taste. The attack is rich and sweet but the finish is hot and spicy, with a hint of peat. It is no fat and syrupy Speyside, but a powerful dram with bite, ideal for chasing away the winter blues. Inclusive of VAT, it costs £37.50 from La Reserve, 56 Welford Street, London SW3; tel 0171-589 2020. Add another £5 for delivery within the UK. Only one cask is available.

Giles MacDonogh

The detail is extraordinary: the little stills, backs and spirit safes were all made to order by the usual suppliers of such things.

Where many of the Lowland malts distilled three times like Irish whiskey (Auchentoshan near Glasgow still does this), I am assured that this was never

It is no thundering Zeus; rather more a pre-prandial glass

the case with Glenkinchie.

Something of the whisky's mild-mannered character might be derived from the gentle climate in these parts: it is slightly warmer in the "garden of Scotland" than in Speyside, and drier. The bedrock is limestone and Glenkinchie is a hard water whisky without that soft lushness which distinguishes most Speysides; here the initial sweetness conceals a dry core.

That sweet/dry character is what Glenkinchie drinkers like most. It is no thundering Zeus of a whisky, rather more a pre-prandial glass than a post-meal calmer. It has a pleasant smell of lemon and beeswax and a soft touch of sherry which comes

from the large number of refilled butts in the warehouses.

In the old days the stills were heated by coal, rather than the flavoured peat. Coal is mined in East Lothian and there is no peat for miles around. If coal had dried the malted barley there would have been a little coal tar taste to the malt, not that has much to recommend it.

As I say, Glenkinchie's survival has had a lot to do with proximity to the Scottish capital. When United Distillers was on the lookout for a Lowland for its Classic Six range, Glenkinchie seemed to fit the bill so much better than other - often now greatly lamented - malts, because it was more physically presentable in its rural setting, and because it was only a short car or coach journey from the centre of town.

While I was there this autumn, there was a brief lull in the coachloads of Japanese visitors while the staff got busy packing up bottles for the Commonwealth ministers to take home with them after the conference: a present from the mayor. The red carpet was being hurriedly beaten for Robin Cook, the UK foreign secretary, another local boy, who was dropping in with a head of state or two. It pays to have friends in high places.

Glenkinchie £22.99; UD has also released Blacknoch 10-year-old, and Rosebank 12-year-old as part of its Flora and Fauna range. £30.49 from Milroy's, 0171-437 0893.

refreshing, citrus peel notes on a lovely round barley sugar base. Real tang.

Ch. Tivredal La Graviere Monbazillac 1994 £15.95 for 50cl, L&S. Lea & Sandeman go to this property, which shares winemaking skills with Luc de Conti of Bergerac, before Robert Parker and saw prices rise 70 per cent over the summer. Nevertheless, the flavours of beeswax and dried apples and extra-smooth texture are irresistible. Farr Vintners

(0171-821 2000) offers the full range.

Ch. Climens 1991 £28.50, Waitrose Inner Cellar. The Sauternes success of the vintage with lots of botrytis. Already open and enjoyable. Scheurebe TBA 1995 No 14, Alois Kracher £25.99 a half, Noel Young (01223-844744) and Bouvier TBA 1995 Willi Opitz £28.61 a half T&W (01223-844744).

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SPORT

Sporting Profile

Football glory makes princes of the poor and downtrodden

Chrystia Freeland finds there is little to cheer about in Ukraine – apart from the rise and rise of Dynamo Kiev

Ukraine is not a country which has had a lot to cheer about. From marauding Tartar hordes, through Stalinist genocide, to the more modern tragedy of the Chernobyl nuclear accident, the Slavic state has been fate's whipping boy.

In Kiev today things are still tough: many workers have not been paid for months, the streets are dimly lit at night and some economists fear the country's fragile financial markets could be on the brink of collapse.

But, beset by problems old and new, at least Ukrainians have Dynamo Kiev, the country's top football club which has astounded pundits this year by emerging as one of Europe's strongest teams.

The Dynamo players have become national heroes: every time they score a goal, Ukraine's exhausted citizens give in to a slender thrill of hope that their country, too, will soon start racking up a few victories in its struggle to create a prosperous and independent state.

"I support Dynamo with all 100 per cent of my being," explains Vitaly Diachenko, a 25-year-old schoolteacher wearing a respectable but much-mended suit as he waits for a bus on Independence Square in central Kiev.

"In these tough economic times, when Dynamo flourishes they provide a moral stimulus, not just for me, but for everyone. They are a symbol of independent Ukraine, of the way we can survive our oppression."

Five years ago, the Dynamo club was already a national symbol – but a negative and depressing one. The nadir came in 1993, when club officials were accused of trying to bribe a referee and FIFA, football's governing body, punished the team with a draconian (but later softened) three-year ban on competition in European championships.

At the time, Dynamo's disgrace seemed to mirror the corruption and fecklessness in Ukraine generally.

Less than two years later, Dynamo have made a stunning comeback. This year, they have already been crowned champions of the former Soviet Union, beating traditional rival Moscow Spartak. More surprisingly, they have advanced to the quarter-finals of the European League of Champions, embarrassing the formidable Barcelona team on the way with 3-0 and 4-0 victories.

Dynamo's resurrection has become an irresistible morality tale for a nation battling to escape the economic and political doldrums. Valery Lobanovsky, the coach and former Dynamo player credited with the team's success, has become the most popular man in Ukraine, the subject of television documentaries which unflinchingly describe him as "God's emissary to Ukrainian football".

The team routinely draws a sell-out crowd of 100,000 to its shabby stadium when it hosts

European visitors in the Champions' League matches. The noisy stands hold most of the Ukrainian government; the president, the prime minister and almost all of his cabinet loyally turn out for every game. The prime minister doubles as head of the Ukrainian football association, and is probably more popular in his sporting role than his political one.

So popular are Dynamo with the Ukraine's leaders that much of the government's most pressing business is conducted at half-time.

"It's very convenient. All of the ministers are there, so they can easily bring a group together and reach an agreement in an informal setting," said Thor Mitiukov, the minister of finance, as his secretary brought him his tickets a few hours before a recent match.

The club is not the sole preserve of the powerful,

The players get a car – usually a Mercedes – and a luxury apartment the day they sign with the team

however. On match days, Dynamo's exploits make the front pages of newspapers and are the main items on television news. The streets of Kiev hum with little but talk of the team.

Asked about their obsession, ordinary Ukrainians are happy to explain. Serhi, a middle-aged engineer, said: "I am not a football fan, but I love Dynamo. Why? Because they are Dynamo Kiev and not Dynamo Moscow. It is pride for my country."

Indeed, love for Dynamo is so strong that Ukraine's fledgling merchant class is prepared to offer incentives: when Dynamo hosted PSV Eindhoven in Kiev last month, a local electronics store promised a free sound system to the first Dynamo player to score. The shop already offers a 20 per cent discount on all its goods to Dynamo's 600 employees.

The Dynamo club has even inspired poetry, ranging from doggerel read out on Ukrainian radio on match days ("from the oldest, to the youngest, the whole world knows Dynamo is best, hurrah Ukraine!") to the declaration by one of Ukraine's top poets that "in Ukraine's national crest, Dynamo is the brightest diamond".

Even in Ukrainian, one of the most melodic of the Slavic languages, these poems are unlikely to win admirers beyond the most ardent Dynamo supporters.

What does impress outsiders is that Kiev has produced a European-class football team out of the rubble of the former Soviet Union.

One secret of Dynamo's success is the club's history. Ukraine has rarely been a happy place in the seven decades since the Kiev team was founded, but for much of that time, Dynamo has been a legend in its own land. Its proudest hour, according to local lore, was a horrific "Match of Death", in 1942, played when Kiev was under Nazi occupation.

Confident of Aryan supremacy, a German Luftwaffe team challenged what was left of pre-war Dynamo to a game. The Ukrainians won, but were all executed by the furious Germans. The Soviet government commemorated the players' patriotism with a statue outside the Dynamo stadium.

Revisionist historians today say the tale is an exaggeration, spun by Soviet propagandists. But the story remains part of the Dynamo mystique.

Myth doesn't pay the rent, though. For that, Dynamo depend on Ihor Surkis, the team's owner. Sporting the sharp suit, slicked-back hair and predatory manner of a Wall Street trader, Surkis is one of those who have amassed instant fortunes in the rough world of post-Soviet capitalism.

His commercial empire, which includes oil trading, a law firm and a television station, foots the bill for Dynamo Kiev. He has injected more than \$70m into the club since the novice Ukrainian leadership handed over the losing and bankrupt team to Surkis in 1993.

Thanks to Surkis, Dynamo footballers are princes in impoverished Kiev. They get a car – usually a Mercedes – and a luxury apartment the day they sign with the team. Some say they are also handed a cheque for \$150,000. Surkis refuses to talk about salaries but he admits each player received a bonus of more than \$20,000 after the Barcelona victories.

Surkis, who says the team's revenues only cover 10 per cent of its costs, claims he does it all for love of Dynamo and for love of Ukraine.

"In this ocean of difficulties in Ukraine today, my partners and I have been able to create an island of well-being," Surkis said, reclining on the vast leather sofa in his office. "Through the victories of Dynamo Kiev the young Ukrainian state is defining itself."

But some Ukrainians are sceptical. They allege that Surkis and his network of businesses benefit from various government perks granted on the strength of their Dynamo connection.

Some are also critical of the way in which Dynamo's popularity is being used to improve the image of the opposition Social-Democratic party, to which Surkis belongs. "At the football games it is not clear whether you are at a football game or a Social-Democratic party rally," argues Victor Puzosky, a former cabinet minister who now spearheads one of Ukraine's leading reform parties.

Worse still, other critics fear that Dynamo's new role as a national rally-point is hardly benign. Instead of stimulating wider national success, they fear football is becoming the opium of the Ukrainian people.

"Football has become the national self-deception," warns Serhi Holovaty, a former crusading justice minister and now a leading opposition politician. "It is like the Brezhnev era. Brezhnev appealed people with vodka. Now, in independent Ukraine, people are doing this with Dynamo Kiev."

As I sit waiting on match day for an interview with one of the government's top economic



ministers, it is easy to see what the sceptics mean. The main banter among the milling officials is of Dynamo; I hear one of them joke: "Well, we may not be very good at running an economy, but we Ukrainians sure are good at football."

And yet, on the spartan wooden seats of Dynamo's concrete barnacle of a stadium, it is hard not to be swept up by the local football fever. The arena is packed with everyone from nouveaux riches to blue-collar workers, still in their stained overalls.

Many fans have draped themselves in the blue and yellow banner which is Ukraine's national flag and by

the end of the match complete strangers are embracing. Even the police, in their intimidating greatcoats, abandon their posts to watch the game.

As a nation, Ukraine will live and die by the success of its economic and political reforms. But at least football offers proof that Ukrainians are not doomed to failure.

"Dynamo means everybody can say 'look, here is something that we can do exceptionally well, at a European standard'. After all, it's Ukrainian boys running around on the field out there," says Oleksandr Tkachenko, one of Ukraine's most popular television anchormen.

When they don their blue and white shirts, the Dynamo players understand that symbolism. "Our duty is to bring pride and joy back to Ukraine," explains Andriy Shevchenko, a talented young striker, who, like other club members, insists he will resist the lure of offers from wealthier western teams.

And, when the Champions' League quarter finals take place next spring, Dynamo Kiev fans will happily warn the rest of Europe to watch out: the footballers from Kiev will be fighting for more than their club.

They will be playing for the pride and self-respect of their entire nation.

Baseball

Field of bad dreams

With its popularity faltering, the sport is in danger of trading itself to death, says Jurek Martin

If money is the root of all evil, it could be the death of baseball. Never has a brief off-season done so much damage to the sport – whose attendance is flat and whose TV ratings are falling alarmingly – than this miserable and misbegotten November just gone.

Where to begin? Take Florida, where the Marlins are the World Series champions in only their fifth year of existence. They will surely not repeat their form next year. Traded away before the glow of victory even had a chance to fade are Moises Alou, the most productive hitter, Robb Nen, the successful reliever and Devon White, an outfield anchor. On the block are Gary Sheffield, a potential superstar, Kevin Brown, the best pitcher, and more besides.

The team is for sale, too. Owner Wayne Huizenga (of Blockbuster Video) has decided not to absorb another \$30m in losses. That is the targeted savings in the player house-cleaning. Gone by the board are all the fine hopes of growing a baseball powerhouse in southern Florida, now the most popular

location for all sports franchises. Only if the Cuban national team defects wholesale can the dream persist.

Then there is poor, low-budget Montreal, where the over-achieving Expos perennially develop talent for a market they cannot afford to buy into. This year's fatted calf is the dazzling Pedro Martinez, voted best pitcher in the National League last season. He will be wearing a Boston Red Sox uniform next year.

Out in Seattle, the Mariners, a seriously good team, have put up for bids Randy Johnson, the most dominant left-handed pitcher of the day, while the New York Yankees could well lose Bernie Williams, the first class outfielder. Both are pending free agents and neither side

seems willing to pay the price (\$7m-\$10m a year) of keeping them.

And in Baltimore, a trivial sum (\$10,500) may well have deprived the Orioles of going back to where manager Davey Johnson had taken them for the past two years – into the playoffs for the first time since 1983.

This amount is what Johnson fined second baseman Roberto ("I spit on your umpire") Alomar for skipping an exhibition game and a team meeting ordering him to give the money to a charity for disabled children for which Mrs Susan Johnson raises money.

It was also the pretext owner Peter Angelos needed to fire Johnson, on the very day he was voted manager of the year in the

American League by his peers. It may be that Johnson, who can be abrasive, paid insufficient deference to the autocratic Angelos, whose successful law firm has no

Gone are the fine hopes of growing a baseball powerhouse in Florida

partners other than himself and who is going through managers – three in four years – at a faster rate than even the New York Yankees.

He fired Jon Miller, witty and

knowledgeable broadcaster of O's games, for occasionally being irreverent.

The sadness is that Johnson and his successor, pitching coach Ray Miller, made a formidable team as the strategist who finds ways to win and the technician who understands what makes pitchers better.

Dave Dombrowski, general manager of the Marlins, was disarming frank in an interview with Sports Illustrated. "Other than for a handful of [rich] teams, it's like the game changes on a year-to-year basis now. One year you might be trying to win and the next year you might be trying to move contracts."

This is not exactly the way to woo fans into the stadium or even to sit in front of their TVs. If baseball needed a warning, it

was provided by Don Ohlmeyer, head of NBC TV, who said on the eve of the Florida-Cleveland World Series that he hoped it lasted only four games so the network could go back to sitcoms and cop shows (it went the full seven, all but the last two poorly played, and the ratings were bad).

Attempts to reshuffle baseball's six divisions to create more regional rivalries were all but abandoned. Inter-league play, a modest box office success last season, will continue but with players changing teams so frequently there is no guarantee that last year's marquee match-ups (Baltimore against Atlanta, for example) will be worth the price of admission next season.

This situation could always be

blamed on El Niño. But other factors are maybe relevant – player free agency, avaricious agents and greedy players, antediluvian and secretive owners with limited horizons and the continued absence of a commissioner of baseball capable of knocking heads together, not least in arranging effective revenue sharing between rich and poor teams.

Baseball ought to remember that the best thing that happened to it in the 1990s was Oriole Cal Ripken's mammoth streak of successive games, followed by the on-field excellence of performers like Ken Griffey Jr in Seattle, Greg Maddux in Atlanta and Mike Piazza in Los Angeles. It is surely relevant that, of them, only Maddux previously played for another side and that was many years ago.

Robb Nen, the Marlins pitcher, was distraught about being shipped to San Francisco, saying he wanted to stay and help prove to Floridians that the World Series was no flash in the pan. But the pan now only matters in the hunt for gold.

4/2/98 10:55A

INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITIONS

Rijksmuseum
Tel: 31-20-673 2121
● Medieval illustrated histories: the Hausbuch and its Master. Drawings, prints and a panel painting by the Master of the Amsterdam Cabinet, including the 64 sheets of the Hausbuch, illustrating court life in the late Middle Ages. The book has temporarily been taken apart, providing this first and last opportunity to view it in this way; to Jan 18
● On Country Roads and Fields: tracing the development of Dutch landscape painting through the 18th and 19th centuries, this exhibition starts with the idealised visions of De Moucheron and Van Huysum, includes examples of The Hague School post-1860, and concludes with turn-of-the-century works by Van Gogh and Mondrian; to Mar 3
Stedelijk Museum
Tel: 31-20-5732911
www.stedelijk.nl
● Gabriel Orozco: Recordings and Drawings. Display of recent video works by the Mexican artist, filmed in New York and Amsterdam; to Dec 14
● Malevich: Works on Paper from the Khardzhiev Collection. Exhibited for the first time. 79 drawings in pencil, chalk, gouache, ink and watercolours, spanning almost the whole of the Russian avant-garde artist's career. Until Khardzhiev's death in 1996 his collection was not made available for public display; to Jan 25
Van Gogh Museum
Tel: 31-20-570 5200
● Auguste Préault (1809-1879) Romanticism in Bronze. 75 sculptures and medallions by the nonconformist whose works, during his lifetime, were regularly rejected by the Salon jury. This display includes the most important works, produced during the 1830s and 1840s: Slaughter, Ophelia and Silence; to Jan 11

OPERA

Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
● Dialogues des Carmélites: by Poulenc. New production conducted by Yves Abel in a staging by Robert Carsen. Cast includes Joan Rodgers and Sheri Greenawald; Dec 13, 16, 19

BARCELONA

EXHIBITIONS

Fundació "la Caixa"
Tel: 34-9-207 7475
● Madrid-Barcelona, 1930-1936: brings together a group of around 100 avant-garde works from the period of the Second Republic, before the Civil War. Includes paintings and sculptures by Picasso, Miró and Dalí, along with photographs, posters and films; to Dec 21
● Rembrandt: The Human and the Natural Landscape. 91 etchings from the Rembrandt House Museum in Amsterdam. The exhibition will transfer to Madrid; to Jan 11
Fundació Joan Miró
Tel: 34-9-329 1908
www.bcn.fjmiró.es
● Alexander Calder: centenary celebration of work by the maker of mobiles. The show focuses on his close relationship with Miró; to Feb 15

BERLIN

CONCERTS

Deutsche Oper
Tel: 49-30-34384-01
● Carmina Burana: by Orff. Conducted by Rafael Frühbeck de Burgos. With the Clemencia Consort conducted by René Clemencic; Dec 14, 16, 19
Philharmonie
Tel: 49-30-2548 8354
● Berlin Philharmonic Orchestra: conducted by Claudio Abbado in works by Wagner, Schumann and Beethoven; Dec 13, 14
● Berlin Philharmonic Orchestra: conducted by Daniel Barenboim in works by Mendelssohn, Rihm and Bruckner; Dec 19

DANCE

Deutsche Oper
Tel: 49-30-34384-01
● Deutsche Oper Ballet: premiere of Rosalinde, choreographed by Ronald Hynd to music by J. Strauss; Dec 17

OPERA

Deutsche Oper
Tel: 49-30-34384-01
● Hänsel und Gretel: by Humperdinck. Premiere conducted by Olaf Henzold (Dec/Sebastian Lang-Lessing (Jan) in a staging by Andreas Homoki; Dec 13, 18

EDINBURGH

EXHIBITIONS

National Gallery of Scotland
Tel: 44-131-624 6200
● Discovering the Italian Baroque: The Denis Mahon Collection. Consisting of 17th and 18th century Italian paintings by Guerino, Guido Reni and Domenichino, among others, collected by Mahon since the 1930s. The exhibition was in London until May; to Feb 15
Scottish National Gallery of Modern Art
Tel: 44-131-624 6200
● Correspondences: transferring from the Martin-Gropius-Bau, Berlin, a selection of works by six young Scottish and six young German artists. Organised as an exchange, the display includes painting, sculpture, video and light projections; to Feb 1

FRANKFURT

EXHIBITIONS



'The Mother of God of Smolensk with scenes from lives of Joachim, Anna and the Mother of God': icons from Moscow in Frankfurt

Schirn Kunsthalle

Tel: 49-69-299 8820
● Holy Russia: Icons and the Rise of Moscow 1400-1600. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts. The period was a crucial one, which marked the rise of Moscow as a principality ruled by powerful Tsars. Its architecture and art reflect this shift, and illustrate a remarkable synthesis of Renaissance ideas with traditional Byzantine forms. To Mar 1, after which the exhibition will travel to London; to Mar 1

LONDON

CONCERTS

Barbican Hall
Tel: 44-171-638 8891
● London Symphony Orchestra: conducted by Tadaaki Otaka in works by Rachmaninov. With Laila Ove Andries in Piano Concerto No. 3; Dec 16
Royal Festival Hall
Tel: 44-171-9288800
● The Royal Opera: Elisabetta, by Donizetti. Concert performance, conducted by Carlo Rizzi; Dec 16

EXHIBITIONS

Barbican Centre
Tel: 44-171-638 8891
● Don McCullin - Sleeping With Ghosts: retrospective of work by the photo-journalist which spans his career from 1959 to the present. Includes prints drawn from major stories he covered for The Observer and the Sunday Times, and more recent still life and landscape; to Dec 14
● James Ensor 1860-1949: more than 140 works by Belgium's foremost expressionist artist. Includes early studies of Ostend, portraits of the artist's family and friends, the visionary drawings of the 1880s and the carnival paintings for which he is best known; to Dec 14
British Museum
Tel: 44-171-636 1555
● Arts of Korea: overview of Korean art and archaeology ranging from the Neolithic period to the 19th century. Exhibits include a royal gold crown from the Silha kingdom, early Buddhist manuscripts, Koryo ceramics and 18th century landscapes. The exhibition is scheduled to run until 2000, when it will be replaced by a new, permanent Korean Gallery; to Dec 30
● Hogarth and His Times: Serious Comedy. Selection of prints and an exploration of different historical approaches to them; to Jan 4
Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
● Objects of Desire: The Modern Still Life: Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen in New York; to Jan 4
National Gallery
Tel: 44-171-639 3321
● Making & Meaning: Holbein's Ambassadors. This recently cleaned double portrait by Hans Holbein the Younger pictures two French ambassadors to the court of Henry VIII in 1533. Presented alongside are drawings and miniatures, and objects relevant to the painting's political and

religious background; to Feb 1
National Portrait Gallery
Tel: 44-171-3060055
● Bruce Weber: first major museum retrospective devoted to Weber's portraits, this show includes some 200 prints, of subjects ranging from young Hollywood stars to the Duchess of Devonshire; to Feb 15
● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 80 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1
Royal Academy of Arts
Tel: 44-171-439 7438
● Sensation: Young British Artists from The Saatchi Collection. Showcase of works by some 40 artists including Damien Hirst, Marc Quinn, Mark Wallinger and Rachel Whiteread; to Dec 28
● Victorian Fairy Painting: exploring the fascination with fairies and the supernatural which took hold of artists and writers in Britain from the early 19th century to the outbreak of the first world war. The display includes designs for the theatre, where the Shakespearean revival played an important role in rekindling interest in fairies. Artists represented include Turner, Landseer, and Richard Dadd, who ended his life in Bedlam after murdering his father. The exhibition will travel to the US next year; to Feb 8
Tate Gallery
Tel: 44-171-887 8000
● The Age of Rossetti, Burne-Jones and Watts: Symbolism in Britain 1860-1910. Works by British artists including the pre-Raphaelites Rossetti and Burne-Jones are presented alongside those of European contemporaries such as Redon and Moreau. The show aims to demonstrate the powerful influence of Symbolism on British artists; to Jan 4
● The Turner Prize 1997: display of works by each of the nominees on this year's all-woman shortlist: Christine Borland, Angela Bulloch, Cornelia Parker and Gillian Wearing; to Jan 18
Victoria and Albert Museum
Tel: 44-171-536 8500
● Zuloaga: Spanish Treasures from the Khalil Collection. First major exhibition devoted to the 19th century Spanish metalworker and his contemporaries. Born into a family of Royal Armourers, Zuloaga became a master of the art of damascening. The 40 works are displayed in the recently refurbished Silver Galleries; to Jan 11

OPERA

Shakespeare Theatre
Tel: 44-171-379 5399
● The Royal Opera: Paul Bunyan, by Britten. New production staged by Francesca Zambello and conducted by Richard Hickox; Dec 13, 15, 17

THEATRE

Lyric Theatre, Shaftesbury Avenue
Tel: 44-171-494 5045
● Cyrano de Bergerac: by Edmond Rostand, translated and adapted by Anthony Burgess. West End transfer of the RSC production, starring Antony Sher and directed by Gregory Doran; to May 30

LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion

presents the fruits of several journeys made by the painter: to the Italian and French Riviera in the 1880s, to Venice in 1908. Assembled from public and private collections, these paintings provide a survey of the impressionist's encounters with Mediterranean colour and light; to Jan 4
Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
● Robert Rauschenberg: major retrospective consisting of some 400 works spanning the artist's 50 year career, in which photography and performance have been dominant themes. The exhibition begins at the Solomon R. Guggenheim Museum SoHo. A special installation of The 1/4 mile or 2 Furlong Piece is at Ace Gallery New York to Nov 8; to Jan 7
Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org

● Drawings of Filippo Lippi and His Circle: first major exhibition of work by the Quattrocento painter. Of the 117 drawings on display, 80 are by Lippi, including rare loans from around the world. Raphael and Botticelli, whose assistant Lippi was, are also represented; to Jan 11
● Francesco Clemente: Indian Watercolours. Album made by the Italian contemporary artist in India over the last two years; to Feb 8
● Gianni Versace: this tribute to the late Italian designer explores the influences upon his work of abstract artists including Warhol, and of historical styles ranging from Greek and Roman classicism to 18th century court styles, and the Vienna Secession. The show also explores his use of new materials such as plastic and leather, and includes designs for the theatre; to Mar 22
Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org

● Achille Castiglioni: Design! First US retrospective of the Italian architect and designer; to Jan 6
● Egon Schiele (1890-1918): The Leopold Collection, Vienna. Around 150 works by the Austrian Expressionist, dating from 1905 through 1918; to Jan 4
● From Henri de Toulouse-Lautrec to Andy Warhol: Exploring Techniques. Selection of 70 works - woodcuts, etchings, lithographs and screenprints - from the collection, demonstrating that stylistic achievements have been linked to printmaking processes; to Feb 8
● New Concepts in Printmaking 1: Peter Halley: installation of technologically-derived works by the painter launches a series which aims to challenge conventional notions of printmaking; to Feb 8
Pierpoint Morgan Library
Tel: 1-212-685 0008
● British Drawings and Watercolours: major survey of the Library's collection in this field, the basis of which was the purchase in 1910 of the holdings of Pre-Raphaelite artist and collector Charles Fairfax Murray. Includes works by Hogarth, Blake, Turner and Ruskin; to May 3
● Cultural Curios: Literary and Historical Witnesses - relics of the great and the wise, including such oddities as Lewis Carroll's pocket watch and Voltaire's briefcase; to Jan 4
Whitney Museum of American Art
Tel: 1-212-3272801
● Fashion and Film: running concurrently with the Warhol show, this film and video series traces the relationship between the two industries, from early fashion newsreels and the studio designers of the 1930s to the present; to Jan 18
● The Warhol Look/Glamour Style Fashion: major retrospective of around 500 works of art, following Warhol's career from the 1940s to the 1980s, and also including works by his contemporaries. Will travel to; to Jan 18

EXHIBITIONS
Museum of Contemporary Art
Tel: 1-213-626 6222
www.MOCA-LA.org
● Cindy Sherman: retrospective tracing the New York-based artist's development from the 1970s to the present. Consisting of 156 works, this show presents selections from each of her series, including Untitled Film Stills (1977-80), Centrifolds (1981) and Fairy Tales (1985). The exhibition will travel to Chicago, Prague, London, Bordeaux, Sydney and Toronto; to Feb 8

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MADRID

EXHIBITIONS

Fundació "la Caixa"
Tel: 34-1-435 4833
● Joaquín Mir, 1873-1940: A Life's Journey. Retrospective of around 140 works by the landscape painter; to Jan 25
● Martín Puryear: first European retrospective of the American sculptor, b.1941. The display comprises around 40 works produced since the mid-1970s; to Jan 11
Museo Nacional Centro de Arte Reina Sofía
Tel: 34-1-467 6062
● Fernand Léger (1881-1955) retrospective comprising some 220 paintings and drawings by the early modernist. Having emerged from the Cubist revolution c.1910 to move towards abstraction, Léger subsequently returned to figurative painting following his experiences of war. The exhibition will emphasise the artist's relationship with architects, as well as his work for the ballet and cinema. Previously seen in Paris, it will transfer to New York; to Jan 12

OPERA

Metropolitan Opera, Lincoln Center
Tel: 1-212-362 6000
www.metopera.org
● Don Giovanni: by Mozart. Production by Franco Zeffirelli, given its first performance of the season on 5th, when Amanda Roocroft makes her Met Opera debut; Dec 13, 16
● Il Barbiere di Siviglia: by Rossini. Revival of a staging by John Cox; Dec 17
● Turandot: by Puccini. Revival of a staging by Franco Zeffirelli; Dec 13

THEATRE

Bouwerie Lane Theatre, 330 Bowery
Tel: 1-212-677 0060
● Rough Crossing: by Tom Stoppard. Jean Cocteau Rep new season opens with this musical farce, set aboard a steamship bound for New York; to Dec 30
Century, 111 E. 15th St.
Tel: 1-212-239 8200
● How I Learned to Drive: by Paula Vogel. Mark Brokaw directs Jayne Atkinson and Bruce Davison as a young woman and her paedophile uncle; to Dec 30

DANCE

New York City Ballet, New York State Theater
Tel: 1-212-870 5570
● George Balanchine's The Nutcracker; Dec 13, 14, 16, 17, 18, 19

EXHIBITIONS

Brooklyn Museum of Art
Tel: 1-718-638 5000
● Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition

Tel: 33-1-4272 2112

● Paris and the Parisians in the time of Louis IV: more than 300 engravings, which together create a vivid impression of 17th century Paris. Including portraits, images of the city and its monuments, as well as proverbs, allegorical works, and almanacs; to Jan 18
Musée du Louvre
Tel: 33-1-4020 5151
www.louvre.fr
● A Mission to Persia 1897-1912: display of pictures, objects and photographs retracing the archaeological expedition led by Jacques de Morgan, paying tribute to his career and the mission's discoveries about the ancient civilizations of Iran; to Jan 5
● Etchings from the Low Countries: display of 110 copper etchings dating from the 15th and 16th centuries. Includes works by Lucas de Leyde and Dürer; to Jan 5

OPERA

Opéra National de Paris, Opéra Bastille
Tel: 33-1-4473 1300
● Der Rosenkavalier: by Strauss. New production conducted by Edo de Waart in a staging by Herbert Wernicke. Cast includes Renée Fleming, Susan Graham and Barbara Bonney; Dec 14, 19
Opéra National de Paris, Palais Garnier
Tel: 33-1-43439696
● The Merry Widow: by Franz Lehár. Amin Jordan conducts a new production directed by Jorge Lavelli, with sets by Antonio Lagarto; Dec 14, 19

ROME

EXHIBITIONS

Musei Capitolini
● Henri Matisse: more than 200 works are included in this major exhibition, which aims to demonstrate the profound influence of Oriental art upon the great modernist. Documents made available by the Matisse archives have made it possible to clarify the nature of the relationships between Matisse and various Oriental experts living in Europe at the time. In 1910 Matisse travelled to Munich to see the first major exhibition of Islamic art. He also made journeys to southern Spain, to Morocco and to Morocco. This contextual information provides a context in which to regard works by Matisse alongside examples of Islamic and Byzantine art, which are also displayed; to Jan 20

OPERA

Teatro dell'Opera
Tel: 39-6-481601
www.themix.it
● La Fiamma: by Respighi. This first production of the season is by Hugo De Ana, and is conducted by Gianluigi Gelmetti; Dec 16, 19

THESSALONIKI

EXHIBITIONS

Museum of Byzantine Culture
Tel: 30-51-868570
● Treasures from Mount Athos: following a historic decision by the Holy Community of Mount Athos, this exhibition of 1,500 objects promises to be the highlight of Thessaloniki's year as European City of Culture. Many of the icons, manuscripts and textiles have never before travelled outside the Orthodox monasteries which house them and the display promises new insights into the history and art history of Byzantium; to Dec 31

VIENNA

EXHIBITIONS

Jüdisches Museum
Tel: 43-1-535 0431
www.jmw.at
● Max Liebermann: selection of paintings by the German impressionist dating from the period 1900-1918, during which the Jewish haute bourgeoisie flourished. Liebermann was an active collector of the French Impressionists, and his collection is partially reconstructed here. The show also focuses on the latter part of the artist's life, after the National Socialist takeover, when he found himself a cultural outcast and pariah; to Jan 18

WASHINGTON

CONCERTS

Kennedy Center
Tel: 1-202-467 4600
● National Symphony Orchestra: Handel's Messiah, conducted by Claudio Scimone. With the Baltimore Choral Arts Society; Concert Hall; Dec 18, 19

DANCE

Kennedy Center
Tel: 1-202-467 4600
● Joffrey Ballet of Chicago: programme includes L'Après-midi d'un faune and Parade; Opera House; Dec 13, 14
● Joffrey Ballet of Chicago's The Nutcracker: Opera House; Dec 16, 17, 18, 19

EXHIBITIONS

National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
● Building a Collection: display of recent acquisitions which explores the thinking behind these additions to the collection. Around 100 works on paper will be exhibited, ranging from the Renaissance to the present. Highlights include drawings by Monet and a newly discovered Rembrandt copperplate; to Apr 19

THEATRE

Kennedy Center
Tel: 1-202-467 4600
● Black Nativity: Langston Hughes's retelling of the Christmas story; Terrace Theater; Dec 16, 17, 18, 19

Arts Guide by Susanna Rustin
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e-mail: artbase@pi.net

Weekend Investor

Wall Street

The day that Oracle lost the plot

There was the small matter of \$9.3bn, too, as John Authers reports

Not many people have the chance to lose a few billion dollars in one day. So perhaps Larry Ellison, founder and chief executive of Oracle, the world's second largest software company, should not be too unhappy about his unfortunate experience on Tuesday.

Oracle announced results below expectations, without having made any attempt to soften the market for the blow, and admitted candidly that the stricken Asian economies probably would keep earnings below the level for which the company had hoped next year. The result: Oracle's stock dropped 29 per cent in one day, down \$9.3bn, cutting about \$9.3bn off its total market capitalisation.

More than 170m Oracle shares changed hands on Tuesday, a record daily volume for any US company on any stock exchange.

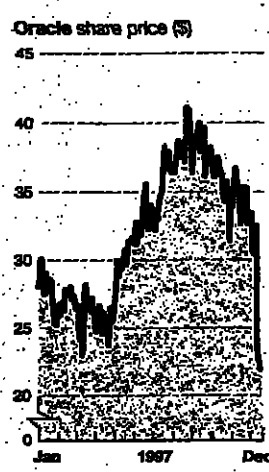
This set the tone for a torrid week on Wall Street, with each day bringing fresh evidence that the Asian crisis is imposing a serious drag on American companies' profits. Other companies in a growing roll call included J.P. Morgan, the greatest trading bank of them all, which said its fourth quarter profits would be under previous estimates due to "unsettled" global markets and saw its shares drop about 4 per cent; Corning, which cancelled a joint venture because of worries about the Asian situation; and Hilton Hotels and Reebok, the shoe manufacturer, both of which warned on profits.

Equity markets were hit, with the Dow Jones Industrial Average forced back down below the 8,000 level. It is now trading about 400 points, or roughly 5 per cent, below the record high set more than four months ago.

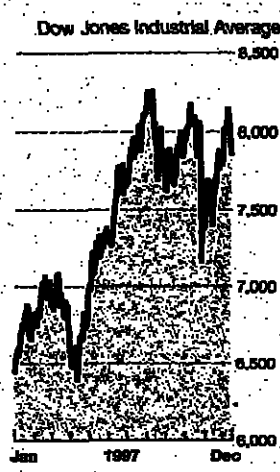
Significantly the worst affected sectors have been the stars of the bull market of the past three years. High-tech companies followed Oracle into free fall for much of the week and the Nasdaq Composite index, which traces most of them, had a truly horrid week, starting at 1638.90 and reaching 1,550 by mid-morning yesterday.

Banks and financial services have provided the other engine for the stock

What the Oracle revealed



Source: Datastream/FT



Source: Datastream/FT

market's advance, as Wall Streeters know to their profit, but this sector also has taken a pounding in the past week, thanks mainly to J.P. Morgan's announcement. International banks, in particular, were hammered as investors realised that optimistic profit projections had been predicated largely on continuing strong growth from Asia.

A note by a banking analyst downgrading the entire sector to "market perform", and suggesting that recent merger prices had been excessive, did nothing to help. Citicorp's week was typical of the sector, slipping 8% to \$132 in two days.

Asia's effect is still ambiguous, though. Some analysts suggest that the situation there remains merely a financial crisis, not an economic one. Some say the region's troubles are good for the US because of a "flight to quality". Still others suspect that companies are using the crisis as an excuse for pre-announcing disappointing earnings.

James Grant, publisher of Grant's Interest Rate Observer and a well known bearish commentator, even suggested that Wall Street strategists estimated Asia's impact on the US economy by "starting with their year-end bonuses and arguing backwards".

Whatever the case, Wall Street seems quietly to be slipping into bear market mode, in spite of the huge bonuses which financiers up and down Manhattan are now receiving.

Private investors also

seem to be moderating their expectations. Mutual fund companies have moved into full throttle urging small investors to pile into bonds. Last month, bond funds registered their best net sales since the first month of 1994, on the eve of a savage bond bear market. Equity funds, meanwhile, took in \$13.5bn, their lowest since March this year.

While "flight to quality" arguments seem strained when applied to equities, they plainly have validity for the treasury market. Nobody expects the Federal Reserve to tighten monetary policy any time soon, and the market continues to benefit from overseas buyers. As a result, the yield on the 30-year Treasury long bond dipped back below 6 per cent on Thursday, and stayed there.

So long as the long bond stays at this kind of level, there is little compulsion to sell equities. But the enthusiasm for bonds in Wall Street at the moment underlines the lack of confidence in the broader equity market.

Treasury investors will not take the kind of hit Ellison took on Tuesday but, if it makes sense to pile into bonds at such low interest rates, mutual fund companies are admitting that the equity market does not look promising.

Dow Jones Ind Average

Monday	8110.84	-38.29
Tuesday	8049.05	-61.18
Wednesday	7978.79	-70.87
Thursday	7949.99	-129.90
Friday		

London

Rough ride for the share train

Philip Coggan sees stocks hit the buffers again

Cancel that round-the-world cruise. Put the champagne back in the fridge. Just when it seemed like share prices were racing towards Christmas like a runaway train, the stock market hit the buffers.

After a week when investors had been able to rejoice in the domestic factors of takeovers and share buybacks, the market's attention was wrenched back to the problems of Asia. The \$55bn International Monetary Fund bail-out package for South Korea failed to induce stability in the nation's currency or its stock market and its problems caused sell-offs in other Asian currencies and stock markets.

They also revived fears in the rest of the world on two counts: that a financial meltdown in Asia would affect the world banking system, and that the region's economic crisis would hit corporate earnings.

The latter problem was highlighted during the week by Oracle, the US software group, which warned of disappointing earnings in the light of Asia's problems. That statement prompted a sell-off in the technology sector, and on Wall Street generally, during the week.

Next week's meeting of the Federal Reserve open market committee seems likely to be the final test for the market this year. The Fed might be tempted to raise rates if purely domestic economic conditions were the sole consideration, but many analysts think the Asian turmoil will prompt US central banks to leave things unchanged.

The international background weighed heavily on London. The FTSE 100 index, having regained the 5,000 level triumphantly last week, dipped briefly below it on Thursday.

Although it recovered

from the worst, it was still 97.7 points, or 1.9 per cent, down on the week.

There were a few small-scale takeovers to keep investors happy - notably, an approach for Christie's International, the auction house, and for Triplex Lloyd, the specialist castings group - but nothing of sufficient scale to move the overall market.

The economic data of the week pointed to the mixed effect of sterling's strength on the economy. On the positive side, a stronger pound lowers the cost of raw materials bought from abroad - as a result, producer input prices in November were 8.3 per cent lower than a year ago.

There was, though, a surprising 0.2 per cent fall in manufacturing output in October, which might indicate that business is struggling to cope with the exchange rate. And a Confederation of British Industries



The stock market was behaving like a runaway train. Niall Carson

survey, while reporting a slight uptick in orders, showed a dip in output expectations.

The high street boom, which was fuelled by the summer's building society windfalls, seems to be faltering. A British Retail Consortium survey showed that the annual rate of sales growth in November was just 1.1 per cent, compared with 5 per cent in October. And a trading update from Kingsfisher showed that sales growth had slowed sharply at Comet, its electrical goods chain.

It is necessary to be cautious about one month's figures, though; November was warmer than normal, delaying winter clothing purchases, and the Christmas shopping season seems to be getting later and later, perhaps because buyers have learnt to look for last-minute price reductions.

Nonetheless, those warning of an economic slowdown in 1998 felt vindicated. "There is no need for higher interest rates," said Robin Aspinall of National Australia Bank. "But it would be dangerous to be optimistic to think that the monetary policy committee has heard that message."

"On the contrary, since Christmas is still likely to see the final fling of the consumer boomlet, there is more than a chance that they have saved up the next rate rise as a response to December's data. And that means that next year's slowdown will be all the more severe."

An economic slowdown

would, of course, undermine one of the main pillars of the bull market: corporate earnings growth. But Ian Scott, UK strategist at Lehman Brothers, thinks earnings would have to be very disappointing indeed to upset the valuation case for equities.

Scott uses the relationship between the earnings yield (roughly the inverse of the price-earnings ratio) and the bond yield to judge the attractiveness of equities. "To bring this valuation back to neutral, the level of forward earnings would need to disappoint by 15 per cent relative to the consensus. If you believe the consensus, equities are cheap and should outperform bonds comfortably next year."

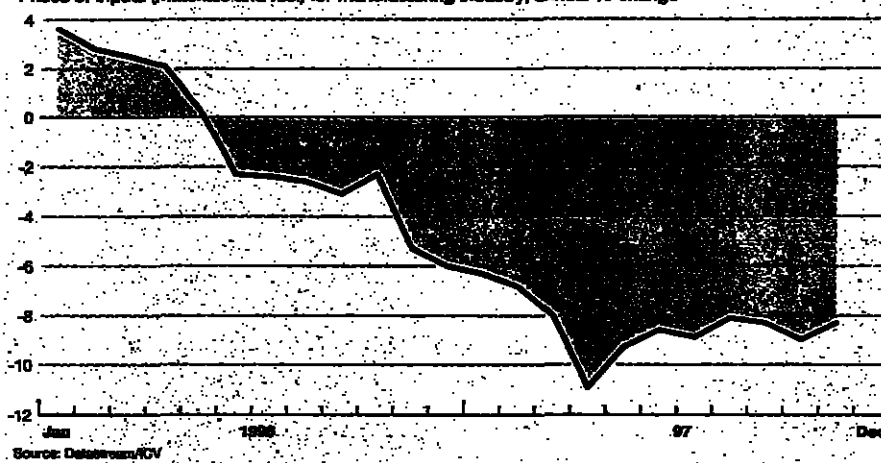
Yet, at a time when the markets seem to be whizzing all over the place, it seems only appropriate to end with comments from those who study the charts. The technical analysts at Branstons & Gothard think the 5,250 level is crucial for Footsie. "Once the overbought state of the market is unwound, we would not be surprised to see the expected year-end rally testing this level," they say.

"Surprisingly, firm UK gilt and US Treasury bond prices must underpin the market. If, however, further worries over rising US interest rates, or weakening far eastern markets, upset the apple cart, then the 4,880-4,980 band is indicated as a probable area for consolidation."

philip.coggan@ft.com

Raw material costs under control

Prices of inputs (materials and fuel) for manufacturing industry, annual % change



Highlights of the week

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	9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FT WEEKEND

True Fiction / Peter Whitehead

Milking the corporate herd

You always know it's Friday if the FT trower is out, bobbing along on the Thames under Southwark Bridge.

It's not much of a vessel - just a small wooden cabin cruiser, all peeling pink paint and varnish and filthy black exhaust, with a net that last saw service between hockey posts.

But if the trower is a success, and it almost always is, the FT canteen's "Catch of the Day" is not to be missed. It might be cod, it might be haddock - each fish is lustily handled from the Thames straight to our plates, stopping momentarily to be thumped into a giant cake of leathery batter. At least we know it is as fresh as can be.

The trower is a recent FT phenomenon. But other organisations have been quicker off the mark, realising that home-grown or self-caught produce can save them money and make staff happier. The company farmer, fisherman or hunter-gatherer is already familiar on

the payrolls of some of the most go-ahead corporations.

Key-Foley, for example, based in Chiswick, west London, fought long and hard to have its apples provided by a local supplier. It felt the cost and ecological damage caused by bringing apples thousands of miles from New Zealand was absurd.

Dissatisfied with any alternative source, this company, one of the world's biggest manufacturers of computer keyboards, decided to take matters into its own astringent. Eight years ago, workmen were called in to tear out the tatty palms and weeping figs and replace them with a Cox's Orange Pippin and a Worcester Pearmain.

Come the summer, its 438 employees were invited, for a

small fee, to help themselves to what turned out to be a splendid crop. The trees proved so popular that other fruits were added and their husbandry organised differently. Rhubarb, grapes, pears and a row of blackcurrants grew well and a stall was set up beside the reception desk, with a pick-your-own option retained.

Everyone was happy: Key-Foley cut its fruit bill and staff and visitors enjoyed fresh produce. Chief executive Gollin Butcher said: "In 1995, we bought a pocket of land and now grow all of the fruit and vegetables we serve in our canteen."

Another company, Griffin Fortune, a niche multinational bank employing hundreds at its City of London branch, began a

self-sufficiency drive entirely by accident. In May 1993, one of the computer-aided design technicians in its brochure department took a large box containing eight live chickens into work.

That technician, Christie Burton, amazingly still works at Griffin and explained what happened: "My mum gave me the chickens for my birthday and I didn't have a clue what to do with them. So I took them in to work. They made one heck of a racket. Then we realised they were laying eggs."

Burton's section manager took the eggs to the canteen and they were prepared for lunch and served on toast. The reaction astonished Sue Byrnes, catering manager: "We had never had a complimentary com-

ment in the eight years I had been here - and then suddenly we had three in a day."

Those chickens never went home. Byrnes went on: "The bank ended up getting more. Part of the roof terrace was fenced off and covered in earth and the chickens have lived and laid there quite happily. It's one of the few places an urban fox can't reach."

The bank didn't stop there, however. Its productivity rose as satisfaction with the canteen increased. Pockets of land were leased or purchased around the City - the corners of three large traffic roundabouts, the corner of a park, two pub gardens and the back lawns of three houses near the Angel Underground.

On each have been installed

more chickens and as many pigs as the land will support. One farm manager has been taken on and a head chef specialising in chicken and pork recipes employed. The savings and benefits to the bank have proved "considerable", said a management spokesman.

There are many other examples. One company near Birmingham has its own dairy herd and milking parlour; it has done away with UHT milk cartons in its tea and coffee vending areas, much to the joy of its employees.

Other companies have tried cheese-making, clabaut baking, producing potato and other root vegetable crops, growing tomatoes in the windows on the sunny side of their building, and rice production at a former sew-

age works site in Manchester. Companies that have taken such initiatives are unanimous in concluding that they make commercial sense.

And for the workers, instead of spending their days in hermetically sealed and semi-noxious artificial environments, divorced from the rhythms of the day, month and season, they are back in time with the natural world. Globalisation in food production might have brought us year-round giant tasteless instant strawberries, but it has destroyed the seasons. Inside most offices you could be anywhere, any time.

These imaginative companies claim to have given their employees a "context". Their canteen menus say it all - fresh strawberries mean it's summer; new apples spell early autumn; when the salted runner beans run out, it's time to go skiing.

And at the FT, when we see salmon swimming up river to breed, we know what will be on the menu.

Metropolis

Art sets out to unfreeze the Swedish

Can Climate be turned into Culture? Stockholm, City of Culture '98, hopes so, writes Tim Burt

Looking up at the heavy white sky the Stockholm street cleaner chuckles - "this is nothing, just you wait" - as the snowfall sprinkles down like icing sugar.

For many residents of Scandinavia's largest city, winter does not really begin until the Baltic freezes over and they can skate to work. But this year the ice is coming early, on board a fleet of heavy trucks heading south from the Arctic Circle.

Early next month, trucks carrying some 200 tonnes of ice will rumble through the Swedish capital at the end of a 1,200km journey. The cold consignment, harvested from the frozen Turne River, will be unloaded in blocks and quickly reassembled to create one of the flagship venues for the 1998 Cultural Capital of Europe.

The ice pavilion, intended to house works of art carved from snow and ice, will be a showcase for eight sculptors hired to prove that climate can be turned into culture. As their raw material is perishable, they will have only a few weeks to do so.

The pavilion's rise and fall will be watched closely by officials of Stockholm '98, who have orchestrated the cultural festival from a 17th century royal mansion overlooking Kungsträdgården park - temporary home of the Arctic exhibition.

Carin Fischer, secretary-

general of the year-long event, will have a grandstand view from her office - once a boudoir in Queen Kristina's *lustslott* - literally, her "house of pleasure". Fischer, unlike the room's former occupant, has not found the experience altogether pleasing.

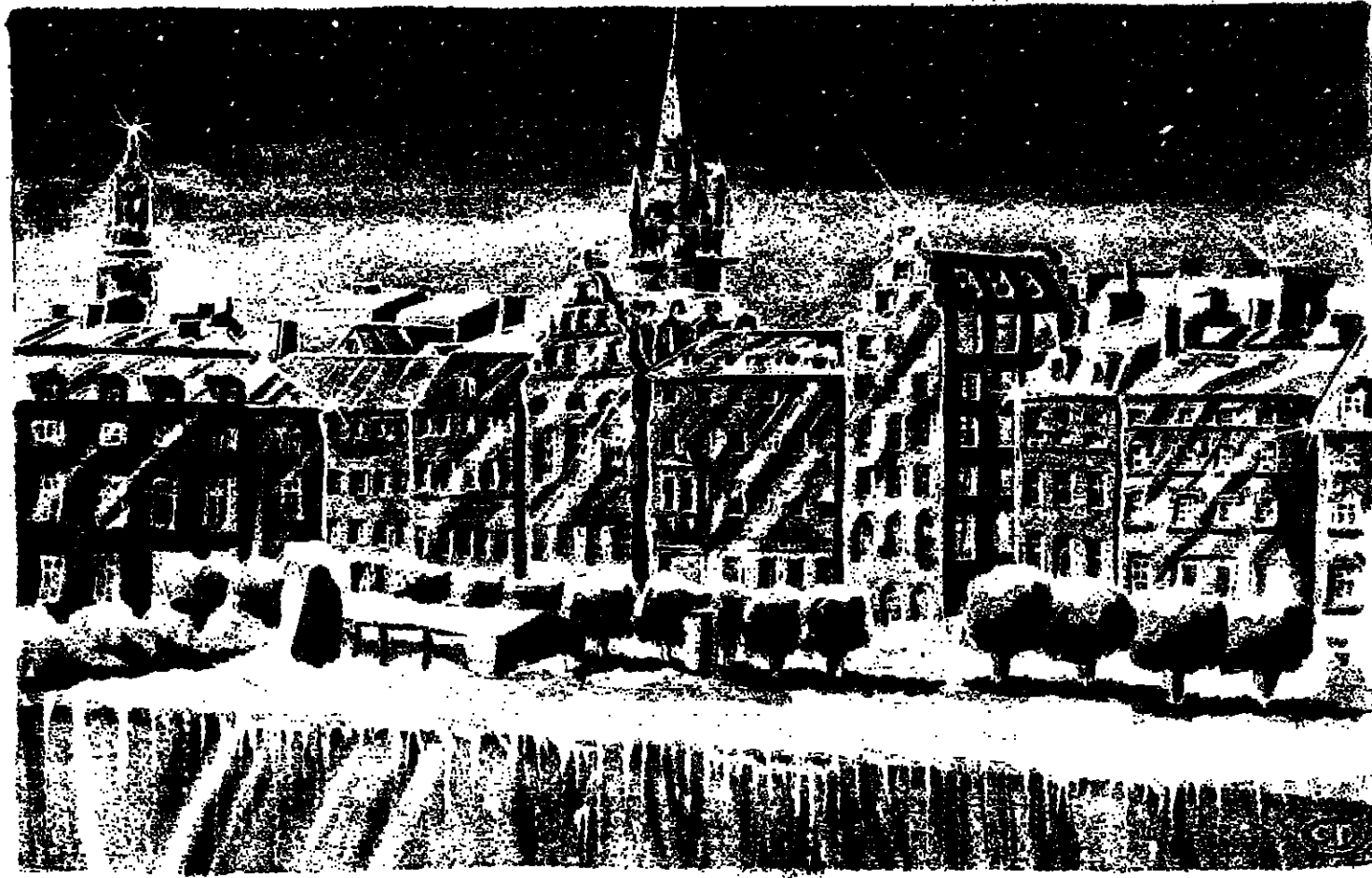
After spending three years marshalling events for Stockholm '98, she feels frustrated at Sweden's deep reserves of, well, reserve.

This year the ice is coming early, on heavy trucks from the Arctic Circle

"We have to say to Sweden, don't sit gloomily at home wishing you were in London or Hawaii. This place must be taken by the lapels and given a shake," she says.

In doing so, the former Liberal party politician hopes to emulate Glasgow and Dublin by using the festival to modernise the city's cultural identity. Most Swedes would balk at the idea that Stockholm requires the same kind of regeneration as Glasgow, but Fischer believes it has a lot to learn from its predecessors.

Indeed, her office is littered with mementoes from



previous cultural capitals - a poster from Copenhagen '96, a trinket from Lisbon '94. In one corner, there is a forlorn carrier bag from Thesealoniki, the present holder of the accolade.

Although the Greek city has opened new museums and raised the curtain on numerous shows, its year of culture has been dogged by allegations of mismanagement and corruption. The European Commission and Greek government have demanded an inquiry into how Dr30m of grant aid and subsidies has been spent.

That has increased the pressure on Stockholm to manage its 1,000 events and SKr480m budget with aplomb. If it does so, it could silence those in the European Union calling for the single-city festival to be replaced with cultural events spanning several countries.

In a bid to reinvent the annual jamboree, Fischer and her team have organised a host of "firework projects". In doing so, the former Liberal party politician hopes to emulate Glasgow and Dublin by using the festival to modernise the city's cultural identity. Most Swedes would balk at the idea that Stockholm requires the same kind of regeneration as Glasgow, but Fischer believes it has a lot to learn from its predecessors.

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Swedes it will depend more on the projects that outlast the year: the galleries planned for poorer suburban areas; the old industrial buildings refurbished as artists' workshops; or the literary schemes for city schools.

Aware of such local demands, the organisers are trying to extend the event beyond the city boundaries.

"The biggest threat to our plans is the idea that this is something just for Stockholm rather than all of Sweden, and that it will all be over in 12 months' time," says Fischer.

But overcoming the cultural apathy of many Swedes and spreading the events beyond Stockholm is a tall order - particularly in a country where the capital city is still regarded with some suspicion.

Residents of rural villages

and towns have no particular affection for the "zero-eight", the telephone code nickname given to Stockholm. So they may not be receptive to cultural lessons from their urban compatriots.

Fischer and her team hope to break down the barriers by importing art and artists from counties such as Dalarna Vabotten and Orebro to the capital. In turn, these areas are expected to host visits from some of the international stars gathering in the city.

Even so, such well-intentioned proposals have angered some theatre groups and would-be exhibitors. When Stockholm '98 first invited projects to take part in the cultural year, the organisation was so overwhelmed by applicants that many received no reply for

months. "Being left in the dark is not unusual in winter," says one project leader in Västernorrland. "We don't need to be reminded of it by those people in Stockholm."

Fischer, describing her job as "sometimes like punishment," says this demonstrates the neglect seeping through Swedish culture. On one hand, there is an oversupply of performers and artists hungry for exposure. On the other, the demand to see them remains mixed.

Some participants have prepared shock therapy to

overcome inertia among audiences. Hence the cheeky "Theater of Death" planned at Stockholm's Marianne Museum, the European fire sculpture championships and the arrival of the "Swap Your Life" travel agency.

If Fischer has her way, Stockholm will be changed for good. In practical terms, that means persuading city museums to work together and urging city planners to take cultural interests into account in future building work.

Veterans of the event in

Madrid and Copenhagen praise the attempt to spread the cultural message beyond the sell-out shows. But previous experience suggests it's rare for the event to mark a watershed in cultural awareness.

Even the most spectacular programmes run the risk of culture fatigue. It could take more than slick organisation and an open-armed approach to out-of-town shows to transform one of Europe's most beautiful cities from a cultural caterpillar into a butterfly.

Arcadia

Blossoms in the killing fields

As the veterans disappear, David Owen asks why tourists are now visiting the Somme

The sugar beet farmers of the Somme are entitled to smile. This year's weather for the crop in northern and eastern France has been just about ideal - warm and humid. Even the Confédération Générale des Planteurs de Betteraves - not noted for wild flights of fancy - enthuses that this year's beets are "enormous".

For mile after mile, the flat, muddy, featureless Picardy fields are dotted with piles of pale brown beets the size of shells. Processing plants, seen - and smelt - through the cloying mist, chug away industriously.

This has also been another good year for a very different regional industry: Great War tourism. Anne-Marie Goates, director of the Comité Départemental du Tourisme de la Somme, talks of a "slow but regular" increase, with Australians becoming more prominent as the anniversaries of battles in 1917 and 1918, in which their countrymen were heavily involved, come and go.

The figures show that the number of visitors to paying sites in Haute Somme, one of the main theatres of this most cataclysmic of human conflicts, rose by 10 per cent

in 1994-95 and 11 per cent in 1995-96.

I had always assumed that as the number of veterans dwindled so would the number of visitors to the war zone. After all, this empty, agricultural terrain, with its ugly churches, solitary hunters and half-deserted villages is not very scenic.

In terms of remnants of battle, moreover, there is not a great deal to see: the immaculately maintained Commonwealth cemeteries and memorials; the odd water-filled crater; the occasional stack of rusted shells, retrieved, presumably, during harvesting and stacked against a telegraph pole; and that's about it.

For those seeking a sense of what war is like and what drives states on to wage it, Vietnam would seem to offer more - the DMZ, or Demilitarised Zone; Marble Mountain, where the North Vietnamese ran a hospital undetected under American noses; or the blackened, softly moldering ruins of the Imperial City in Hue, the former capital on the banks of the Perfume River.

What explains the enduring, indeed increasing, appeal of this peculiar corner of France, and what draws those with no direct experience of the terrible

battle fought here?

Regional experts believe the disappearance of the veterans - and consequent loosening of emotional ties - has opened the way for the war to be looked at as a purely historical phenomenon. There is no longer any reason for those interested in the Somme to fear they could be intruding on private grief.

"The Great War has stopped being an affair of veterans and has entered the realm of history," says Jean-Pierre Thierry, of the Historial de la Grande Guerre, a museum in Péronne which opened in August 1992.

We don't look at the 1914-18 war in the same way as we did 20 years ago," he says. "The old combatants were powerful. They would have found it hard to accept us talking about French, English and Germans in the same breath. Now we talk about the Germans without necessarily systematically putting the blame on them."

He acknowledges there are still few German visitors to the region: "You would need to make a commercial effort." Furthermore, "the Germans have a deep complex; they have been told so

often they were responsible for the bloodbath".

The more detached, frankly curious, attitude of many contemporary visitors also helps explain the large number of small private museums now dotted around the old front line, from the north coast to Verdun. The returning veterans would have been horrified to see or buy souvenirs of those ghastly times. For younger generations, the quest for knowledge has a completely different effect.

Would the pigeon shooters who left their cars in the little lay-by intended for visitors to one tiny burial plot have been quite as carefree a few years ago?

But none of this suggests that today's visitors do not have an emotional response to what they see. On the contrary, the young age of most of the men lying in the cemeteries can hardly fail to strike a chord with the younger visitors. As Vera Brittan, the pacifist writer, wrote on visiting her brother's grave in Italy in 1926: "It was strangely difficult to bid farewell to the graves of the British soldiers, strangely difficult to overcome the fantastic longing to keep them company in their loneliness."

Personal attachments still

appear to be the main motive of many visits. The visitors' books at every cemetery are full of touching references to grandfathers and great uncles. In fact, I was there on a personal pilgrimage myself - accompanying my wife as she tried to retrace the steps of her great-grandfather, who spent three years on and around the western front with the Somersets.

Even so, I was under no obligation to feel as affected as I did while on those carefully tended lawns among the simple white tombstones, so many of them unnamed.

Perhaps the region's chief source of fascination, at least for north Europeans whose direct personal links to the war are as limited as my own, is simply this. The knowledge that, if we had been born 80 or 70 years earlier, there is every chance we, too, might have been lying in those dignified, orderly cemeteries tucked away among the sugar beet fields of the Somme.

Chess No 1210: 1 set + 1 if new...
K104 2 P105 3 W106, or 1...K04 2...
B12 c1G 3 P106+ and 4 P107; or...
1...K04 2 P106+ and 3 B12-300...
3 B12 c1G 4 P106+ and 3 B12-300...
K042, draw by stalemate.

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